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THE WALL STREET JOURNAL.

DOW JONES

Newspaper

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DJIA 17195.42 ▲ 221.11 1.3% NASDAQ 4566.14 ▲ 0.4% NIKKEI 15658.20 ▲ 0.7% STOXX 600 330.71 ▲ 0.6% 10-YR. TREAS. ▲ 6/32, yield 2.305% OIL \$81.12 ▲ \$1.08 GOLD \$1,198.10 ▲ \$26.20 EURO \$1.2816 YEN 109.22

What's News

Business & Finance

The U.S. economy grew at a 3.5% annual pace last quarter, driven by an increase in military spending and a drop in imports. **A1**

Global markets responded positively to periodic foreign-exchange probes. Citigroup set aside an extra \$600 million in legal provisions. **A1**

Apple CEO Tim Cook said he was "proud to be gay" a declaration that puts an openly gay man at the helm of the world's most valuable company. **A1**

Google's Andy Rubin, who co-founded its Android business and leads its robotics unit, is leaving the Internet giant. **B1**

The Dow surged 221.11 points to 17,195.42 in a session that was marred by a glitch that disrupted trading. **C1**

FCC chairman is laying the groundwork for expanding the agency's authority over broadband service. **B1**

Wal-Mart is testing a program to match online prices from rivals such as Amazon this holiday season. **B2**

MasterCard and Visa saw shares surge on strong earnings, as consumers spend more and use cash less. **C1**

Three big BofA investors are pushing back at the bank's decision to give the chairman's job to its CEO. **C1**

McDonald's said it is revamping its U.S. organizational structure to better respond to consumer tastes. **B2**

Takata was ordered to disclose more information related to defective air bags. **B3**

World-Wide

Ukraine and Russia resolved their gas feud in a deal that averts the threat of a winter shortage in Europe. **A7**

Ukraine's economy slid further as the conflict with Russia深ened, and pulled down its currency. **A7**

Sanctions on Russia have cost Bank Rossiya, which the Treasury calls Putin's private bank, nearly \$21 million. **A7**

Tension in Jerusalem escalated, as Israel shut a holy site after police killed a Palestinian who allegedly shot a right-wing Jewish activist. **A8**

Sweatshop workers are fighting a Palestinian strike, joining a short list of European countries to have done so. **A8**

Iraqi Kurdish fighters began crossing into the Syrian city of Kobani from Turkey as Islamic State stalled the border to thwart their entrance. **A8**

The bodies of over 200 Sunnis tribal fighters, most of whom are believed to have been killed by Islamic State, were found in Iraq's Anbar province. **A8**

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silence against a backdrop of slowing global growth. Government outlays, which had dragged on growth for four years, enjoyed a large boost from military spending alongside a brightening budget picture in cities and states.

Still, the economy has under-scored an unusual dynamic: Economic growth looks overwhelming compared with other postwar cycles for the U.S., but it may prove to be envy of other advanced economies.

"I don't think there's any question that the economy is strong," said Michael Feroli, chief U.S. economist at J.P. Morgan Chase. "But relative to our own standards and history, we're still in a disappointing expansion."

On a year-over-year basis, inflation-adjusted GDP rose 2.3%, a pace that has remained remarkably constant over the past three years despite ups and downs in the overall dollar value of goods and services.

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More robust buying among consumers would be particularly important in cushioning the U.S. if demand slows abroad. While households should benefit during the winter from lower heating bills from gas prices falling to a four-year low of \$3 a gallon, weak income growth remains a concern and is restraining many sectors of the economy. The nation's housing market, for example, contributed little to growth.

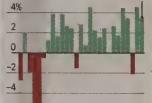
Most economists expect the Please turn to the next page

◆ Heard on the Street: A private party for economy C8

Summer Strength

U.S. GDP, adjusted for inflation and seasonality, at an annualized rate

+3.5%



Source: Commerce Department

The Wall Street Journal

U.S. Economy Grows at Steady Clip

Military Spending and Drop in Imports Drive 3.5% Gain in GDP as Global Headwinds Gather

By NICK TIMIRASOS

The economy grew at a solid pace during the third quarter, driven by an uptick in military spending and a drop in imports, showing the economy is relatively firm for as weak as the overall global slowdown.

Gross domestic product, the broadest measure of goods and services produced across the economy, expanded at a 3.5% annual rate from July through September, the Commerce Department said.

The quarter showed broad-based improvement in the U.S. economy. Business investment grew steadily. Exports showed re-

silence against a backdrop of slowing global growth. Government outlays, which had dragged on growth for four years, enjoyed a large boost from military spending alongside a brightening budget picture in cities and states.

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Armed Forces Seize Power as Mobs Riot in Burkina Faso

By BLOOMBERG NEWS
PRESIDENTIAL PERIL: Protesters set fire to government buildings on Thursday after the African nation's president moved to extend his rule. A10

In C-Suite Milestone, Apple Chief Comes Out

By RACHEL FENTIEZ AND DAISUKE WAKABAYASHI

Apple Inc. Chief Executive Tim Cook said Thursday that he was "proud to be gay," a declaration that puts an openly gay man at the helm of the world's most valuable company.

Rumored for years, the news surprised few who follow the company closely. But it was nonetheless a signal moment in a social and legal transformation that has cut across American life.

"If Tim Cook can be openly

HOUSE ADVANTAGE

GOP Tightens Grip On White Working Class

By KRISTINA PETERSON AND DANTE CHINN

ATKIN, Minn.—The plumbers, drillers and truck drivers who arrive at the Birchwood Cafe before sunrise pour their own coffee, tuck away eggs and air gripes about why some long-time Democrats now lean Republican.

They are skeptical of President Barack Obama and don't care much for his party's support of federal safety-net programs. "You take a look at all the give-away programs, the Democrats have. Nobody wants to work anymore," said Dale Lundquist, a 69-year-old excavation contractor.

Voters in this northeast Minnesota district have only once sent a Republican to Congress since 1947—

for a single term after the 2010 election that produced a wave for the GOP.

But Mr. Lundquist, a former Democrat, and some of his friends who plan to vote for Stewart Mills, the Republican challenger to Democratic Rep. Rick Nolan, one reason the race is down to the wire is that the GOP is likely to expand its House majority in Tuesday's election.

Democrats have long been losing their hold on districts such as this one, largely white and rural, where incomes lag the national average and college gradu-

Please turn to page A5

◆ Obama casts long shadow in low election A5

◆ Massachusetts to vote on gambling A4

Did You Hear the One

Lava Flow Menaces Hawaiian Town

Business & Finance

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■ The bodies of over 200 Sunni tribal fighters, most of whom are believed to have been killed by Islamic State, were found in Iraq's Anbar province. A8

■ Burkina Faso's army seized power after violent protests over the president's plan to extend his 27-year rule. A10

■ Stockton, Calif., can exit bankruptcy without more pension cuts, a judge ruled. A2

■ A European consortium's plan to give experimental drugs to Ebola patients without placebo groups is drawing fire. A10

■ Pennsylvania police captured the suspect in the fatal shooting of a state trooper. A3

■ Died: Thomas Menino, 71, five-term Boston mayor. A6

By NICK TIMIRASOS

The economy grew at a solid pace during the third quarter, driven by an uptick in military spending and a drop in imports, showing the U.S. on relatively firm footing as worries mount about a global slowdown.

Gross domestic product, the broadest measure of goods and services produced across the economy, expanded at a 3.5% annual rate from July through September, the Commerce Department said Thursday.

The quarter showed broad-based improvement in the U.S. economy. Business investment grew steadily. Exports showed re-

silience against a backdrop of slowing global growth. Government spending, which has digested the growth in four years, enjoyed a large boost from military spending alongside a brightening budget picture in cities and states.

Still, Thursday's report underscored an unusual dynamic: Economic growth looks faster than inflation, which is out of its postwar cycle for the U.S., but it may prove to be the envy of other advanced economies.

"I don't think there's any question that compared to Europe or Japan we're looking pretty good here," said Michael Feroli, chief U.S. economist at J.P. Morgan Chase. "But relative to our own

standards and history, we're still in a disappointing place."

On an inflation-adjusted GDP growth rate, the U.S. economy has remained remarkably constant over the past three years despite ups and downs in the quarterly data. Growth expanded sharply during the second quarter, for example, after contracting during the first two quarters of the year. The latest report is a preliminary estimate that will be revised twice in the next two months.

The report showed few signs of a breakout for consumer spending, which was up 2.3% from a year earlier, little-changed from the pace of the past two years. Consumer spend-

ing accounts for two-thirds of U.S. economic output.

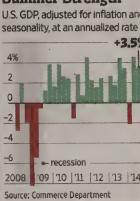
More robust buying among consumers would be particularly important in cushioning the U.S. if demand slows abroad. While households should benefit during the holiday-shopping season from gas prices falling, the overall weak income growth remains a concern and is restraining many sectors of the economy. The nation's housing market, for example, contributed little to growth.

Many economists expect the

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Apple Inc. Chief Executive Tim Cook said that he was "proud to be gay," a declaration that puts an openly gay man at the helm of the world's most valuable company.

Rumored for years, the news surprised few who follow the company closely. But it was nonetheless a momentous moment in a social and legal transformation that has cut across American life.

"If Tim Cook can be openly gay, then it just shouldn't matter in any other corporation in America," said Trevor Burgess, the openly gay CEO of the Florida-based pharmaceutical firm, which went public in August.

Acceptance of gays and lesbians in the U.S. has moved rapidly in the last decade. Same-sex marriage is now legal in more than 30 states after campaigns often backed by the corporation.

In Pennsylvania, police captured the suspect in the fatal shooting of a state trooper. A3

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HOUSE ADVANTAGE

GOP Tightens Grip On White Working Class

By KRISTINA PETERSON AND DANIELE CHININ

ATTIKIN, Minn.—The plumbers, drillers and truck drivers who arrive at the Birchwood Cafe before sunrise pour their own coffee, tuck away eggs and air gripes that help explain why some longtime Democratic voters are switching to the GOP.

They are skeptical of President Barack Obama and don't care much for his support of federal safety-net programs. "You take a look at all the give-away programs the Democrats have. Nobody wants to work anymore," said Dale Lundquist, a 69-year-old excavation contractor.

Voters in this northeast Minnesota district have only once sent a Republican to Congress since 1947—

but Mr. Lundquist said it had to set aside an extra \$600 million in legal provisions over what it had already budgeted for the third quarter. The bank said the extra expense was a result of "rapidly evolving regulatory inquiries and investigations."

The increase is tied to the

Please turn to page A5

for a single term after the 2010 election that produced a wave for the GOP.

But Mr. Lundquist, a former Democrat, and some of his friends say they plan to vote for Steinem, and some of his neighbors for Donald Trump.

Now, one reason the tide is down to the wire—and why the GOP is likely to expand its House majority in Tuesday's election.

Democrats have long been losing their hold on districts such as this one, largely white and rural, where incomes lag the national average and college gradu-

Please turn to page A5

■ Obama casts long shadow in Iowa election A4

■ Massachusetts to vote on gambling A4

Did You Hear the One About Frankenstein's Ghoul Friend?

* * *

Costume-Clad Children Hone Jokes For Halloween; 'Ghost's Favorite Ride?'

By JOE PALAZZOLO

When 7-year-old Jimmy Striler dons his Red Ninja costume this year, he will be armed with a plastic sword. He will also carry something else. St. Louis, Mo., children must have them: Halloween costumes.

In certain towns, such as this city and Des Moines, Iowa, the end of October isn't just an occasion for children to dress up like a ninja, a ghost or the latest Disney movie character. It's a time to make and high-profile people in sports, entertainment and politics have come out in recent years.

Still, executives' positions on social issues—and their personal lives—can have an impact on how they're perceived. In the case of Chick-fil-A, its support of traditional marriage and the company's charitable arm has donated to groups opposing same-sex marriage. His stance sparked a backlash among some consumers, but it sent many others lining up at stores to support the executive and his views.

In an interview with the At-

Please turn to page A6



Jimmy has been testing a couple of groaners at home, according to his mother, Kim Striler, an administrator at Washington University School of Medicine.

"What did the boy magnet say to the girl magnet?"

"You're attractive."

"What's the best way to call a cow with no legs?"

"Ground beef."

Jimmy's younger brother, Daniel, is also honing his performance. Last year, the 5-year-old had trouble remembering his lines, so he had to parrot his older brother.

This year, as he tramps around the neighborhood in one of his

Please turn to page A6

Lava Flow Menaces Hawaiian Town



BEAST ROCK: A river of molten rock from the active volcano Mount Kilauea moves slowly toward homes in the town of Pahoa on Hawaii's Big Island. Officials have been tracking the lava flow since June.

REUTERS/Karen Lintz

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U.S. NEWS

Big Banks Stockpile Cash To Brace for Probe Penalties

Continued from Page One

foreign-exchange probe, according to people familiar with the matter. Citigroup disclosed Thursday that the U.S. Justice Department, the CFTC, the U.K.'s Financial Conduct Authority and the U.K. Prudential Regulation Authority are looking into its foreign-exchange business. Citigroup said it is cooperating with the probe. Citigroup had previously reported net income of \$3.44 billion, but it lowered that figure to \$2.84 billion, knocking its earnings per share from \$1.07 to 88 cents per share.

The investigations into allegations of improper behavior by currency traders have been looming over banks for months. But, in recent days, some U.S. and international regulators are moving to consolidate the settlements, a shift supported by the banks, according to people familiar with the matter.

The change in the settlement discussions occurred three or four days ago, in large part due to encouragement from the Federal Reserve and U.K. regulators to fast-track the talks and bring the sides together, these people said.

But the settlements may not shake out before the end of this year, and the talks are still in the early stages. They could collapse, these people said, since they involve multiple agencies and several banks that have diverse agendas.

Some banks were told their individual settlements could range from \$500 million and \$1 billion, but that those numbers could easily change, one of these people said.

The banks would prefer to settle together, because it would allow them to air their bad news all at once, the people familiar with the matter said. Some regulators also would prefer to settle the matter relatively soon, these people said, and are worried it

will reflect poorly on them if other agencies settle first.

In recent weeks, Justice Department officials have ramped up pressure on the banks to cooperate and account for their alleged misconduct in the foreign-exchange markets, according to a person familiar with the negotiations. Negotiations are still in their early stages and no settlement figures have been reached, the person said.

The Wall Street Journal previously reported that the Justice Department had been focusing on Citigroup and its foreign-exchange staff. The regulators have been trying to discern whether the banks were misleading customers about pricing, the Journal reported.

Investigations into allegations of improper behavior by currency traders have loomed over banks for months.

While British authorities are seeking resolutions of their foreign-exchange cases in November, that is a faster schedule than the U.S. agencies envision, people familiar with the matter said.

There is a chance one of the banks could settle with the U.S. agencies before next year, but officials increasingly expect any U.S. settlements would come in 2015, these people said. A group of U.S. and European banks that are in advanced discussions with the U.K.'s finance regulator toward a settlement on similar issues. The foreign-exchange probes have led to the suspension or firing of more than 30 traders at about a dozen banks, including Citigroup.

Barclays on Thursday set aside an extra \$800 million in legal provisions and confirmed it was for the investigations into alleged manipulation of the foreign-exchange market. Barclays has said it is cooperating with investigators.

Investors will be watching closely for more disclosures from other banks in coming days, from the Royal Bank of Scotland's earnings results Friday to the coming quarterly filing by J.P. Morgan, the largest U.S. bank by assets.

The Barclays provision is the first time the bank has set aside money to cover the foreign-exchange probes. As of June 30, the bank had about \$2.6 billion (\$4.2 billion) set aside to cover customer redress and litigation.

In the U.S., the Fed, the Office of the Comptroller of the Currency and the Commodity Futures Trading Commission are speaking to a group of banks, including Citigroup, Barclays PLC, and J.P. Morgan Chase & Co. about the settlement. Those banks and others are also facing HSCB Holdings PLC, UBS AG, Deutsche Bank AG and Royal Bank of Scotland Group PLC, in talks with U.K. regulators, these people said.

The banks have all said they are cooperating with the probes. Citigroup said in an earnings report earlier this month, Citigroup said its quarterly legal expenses have risen 40% to \$931 million from the prior quarter. Thursday's disclosure at Citigroup takes the bank's quarterly legal provisions to more than \$1.5 billion.

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—Jean Esheshegan and David Enrich contributed to this article.

Plan for Bankrupt Stockton Is Cleared

By KATY STECH
AND DAN FITZPATRICK

The federal judge overseeing the two-year-long bankruptcy of Stockton, Calif., ruled Thursday that the distressed city can exit from court protection without making deeper cuts to its pension obligations.

At a hearing in Sacramento, U.S. Bankruptcy Judge Christopher M. Stith called Stockton's reorganization plan, which raises taxes and slashes payments to bondholders, "the best that can be done."

The decision is a victory for public-pension advocates who worried the judge would reject the plan, which would cut obligations to California Public Employees' Retirement System, which controls city workers' retirement money.

Calpers, the largest pension system in the U.S., said: "The judge recognized that the city's plan is fiscally sound and reflects already made significant concessions" and that further impinging pensions would harm them even more.

Judge Klein approved the city's reorganization plan over protests from Frank Templeton Investments, a pension fund, which underwrote the bonds for Stockton's fire stations and parks.

The funds argued that the city could afford to repay more than its \$4 million offer.

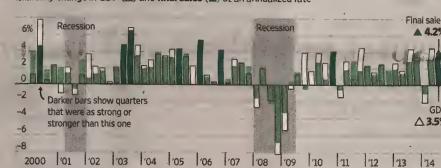
"We are disappointed," Franklin Templeton lawyer James Johnston said after the ruling.

City leaders put Stockton, a city of 300,000 people located about 80 miles inland from San Francisco, into bankruptcy in June 2012, after it was hit hard by the housing crash.

Glimpses of Growth

Three-quarter growth in U.S.-gross domestic product came in at a 3.5% annual rate, better than economists expected. And real final sales, a measure of demand that strips out changes in inventories, matched its best performance since 2006...

Quarterly change in GDP (■) and final sales (■) at an annualized rate



...though the report resurfaced familiar doubts about whether growth could be sustained. It was fueled by big gains in international trade and government spending, while consumer spending, which has driven much of the recovery, grew more slowly.

Percentage-point contributions by sector (■) to quarterly change in GDP (■) at an annualized rate



Note: All rates adjusted for inflation and seasonality.
Source: Commerce Department

Nick Timirios and Andrew Van Dam/The Wall Street Journal

U.S. Economy Grows at Steady Clip

Continued from Page One

third-quarter performance could dip in the current quarter, in part because a stronger dollar could dent export growth and because military spending tends to be volatile.

Mr. Feroli on Thursday truncated his forecast for fourth-quarter GDP growth to 2.5% in light of one-off benefits that wouldn't be repeated, such as the gain in

Government spending—the vast majority due to military expenditures—posted its largest increase since 2009 as fiscal constraints in cities, state capitals and Washington ease.

"State budgets are expanding," said Jay Bryson, an economist at Wells Fargo & Co. "Now it's falling down" (the federal government) "and that's not going to get the drag" from immediate spending cuts.

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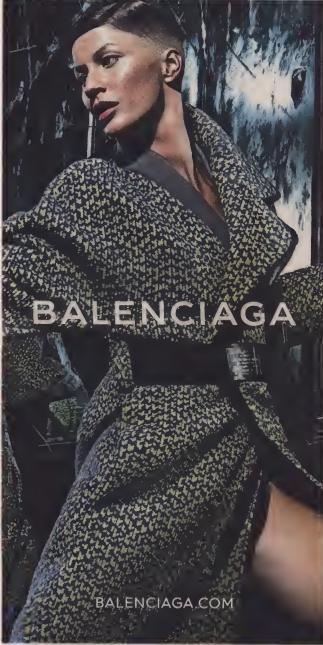
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looming over banks for months. But, in recent days, some U.S. and U.K. regulators have been moving to consolidate the settlements, a shift supported by the banks, according to people familiar with the matter.

The change in the settlement discussions occurred three or four days ago, in large part due to encouragement from the Federal Reserve and U.K. regulators to fast-track the talks and bring the sides together, these people said.

But the settlements may not shake out before the end of this year, and the talks are still in the early stages and could collapse, these people said, since they involve multiple agencies and several banks that have diverse agendas.

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While British authorities are seeking resolutions of their foreign-exchange cases in November, that is a faster schedule than the U.S. agencies envision, people familiar with the matter.

There is a chance one of the banks could settle with the U.S. agencies before the year, but officials increasingly expect any U.S. settlements would come in 2015, these people said.

Citigroup is part of a group of U.S. and European banks that are in advanced discussions with the U.K.'s Financial Conduct Authority over a settlement on similar issues. The foreign-exchange probes have led to the suspension or firing of more than 30 traders at about a dozen banks, including Citigroup.

Barclays is to pay \$460 million to settle its case with the U.K. previous year. That same day, J.P. Morgan—which is also in discussions with regulators about allegations of foreign-exchange rigging—said its legal expenses had risen about \$400 million from the prior quarter. Thursday's disclosure at Citigroup took the bank's quarterly legal provisions to more than \$1.5 billion.

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—Jean Eaglestad and David Enrich contributed to this article.

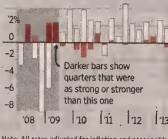
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...though the report resurfaced familiar doubts about whether growth could be sustained. It was fueled by big gains in international trade and government spending, while consumer spending, which has driven much of the recovery, grew more slowly.

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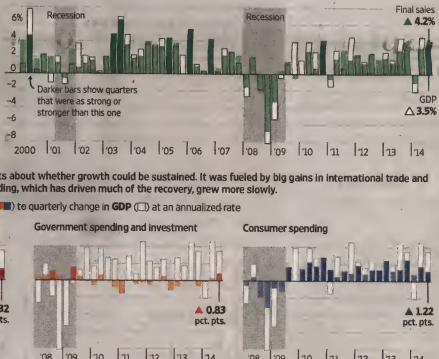
Net exports of goods and services



Note: All rates adjusted for inflation and seasonality

Source: Commerce Department

Quarterly change in GDP (□) and final sales (■) at an annualized rate



Nick Timiraos and Andrew Van Dam/The Wall Street Journal

U.S. Economy Grows at Steady Clip

Continued from Page One
third-quarter performance could dip in the current quarter, in part because a stronger dollar could dent export growth and because military spending tends to be volatile.

Mr. Feroli on Thursday trimmed his forecast for fourth-quarter GDP growth by half a percentage point to 2.5% in light of one-off benefits that wouldn't be repeated, such as the gain in defense spending and a drop in imports.

Exports were boosted largely by sales of cars and industrial supplies and equipment, while imports slumped amid declines in shipments of oil, consumer goods and food.

Still, he finds that have stunted U.S. growth following the financial crisis are receding.

Government spending—the vast majority due to military expenditures—posted its largest increase since 2009 as fiscal constraints in cities, state capitals and Washington were lifted.

"State budgets are expanding," said Jay Bryson, an economist at Wells Fargo & Co. "No one's shutting down the [federal] government. You're not going to get the 'drag' from immediate spending cuts."

Military spending rebounded but remains below its levels of one year earlier. Most of the increases were on services that include personnel and installation support as well as oil and ammunition spending: spending on big-ticket items such as aircraft and vehicles declined.

Thursday's report showed that inflation pressures remain

stable. The price index for personal consumption expenditures—the Federal Reserve's preferred measure for inflation—rose at a 1.2% annual rate in the third quarter, down from the 2.3% annualized increase during the second quarter and below the Fed's 2% inflation target.

The Fed said Wednesday that it would end its long-running bond-purchase stimulus program and, in its policy statement, said it would be patient in underlying strength in the broader economy" to support its mandate to achieve low unemployment and stable prices.

Inventories fell in the third quarter, subtracting from growth. But real final sales, a measure of demand that excludes changes to inventories, expanded at a 4.2% pace, the largest such gain since 2006.

Business in the U.S. has shown "very steady, very commendable performance," said Bill Hutton, the president of Titan Steel Corp., a producer of structural and of temple steel used in oil, steel, aircraft and food cans. Car sales and energy production have helped the steel industry make up for weak residential and commercial construction.

One question now is how the economy will fare if global growth slows. The U.S. faces a double whammy: The dollar's rise in the zone risks entering its third recession in five years, while concerns also mount about China's slowing economy and Japan's

struggle to escape decades of stagnation.

"Europe is a tough story," Mr. Hutton said. "But the biggest concern right now is the growth of China." The country's falling demand for aluminum and steel capacity is "the sort of thing that keeps you up at night."

A slowdown in foreign sales has come at an unfortunate time for Mathews Co., a privately held supplier of grain-drying technology in Crystal Lake, Ill. Falling crop prices have cut the need for certain tax benefits for equipment have dent sales at home.

Russia and Ukraine have typically been big markets for the company, said Joseph Shulfer, the company's president, but the deteriorating Russian ruble has made it difficult for the company's clients to "feed their people," he said.

"But they just haven't had the purchasing power that they've had in the past."

Some economists and executives say the risks of foreign markets have been overstated.

Markets have rebounded since a broad market sell-off earlier this month propelled by global growth fears.

"I'm not saying these economic conditions are not without their risk," said Peter Huntsman, chief executive of chemical company Huntsman Corp., which earnings call on Monday. "However, we simply do not see the market conditions we read about in the headlines."

CORRECTIONS & AMPLIFICATIONS

Insurance giant U.S.A. recently broke ground on a facility in Tampa, Fla. A Page One article Thursday about incumbent governors in this fall's election incorrectly described the building as a U.S.A. headquarters.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcorrections@wsj.com or by calling 888-840-2667.

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U.S. NEWS

Parched Cities Share Water

Longtime Rivals Phoenix and Tucson, Hit by Drought, Stop Going It Alone

By JIM CARLTON

PHOENIX—A recent agreement by this city and Tucson, Ariz., highlights a growing trend in the drought-prone West: water agencies sharing resources to stretch limited supplies rather than going it alone.

Phoenix, which gets more water than it can store from the Colorado River, has agreed to send some of its surplus to Tucson, which faces lower pumping costs. In return, Tucson will give up part of its share of Colorado River water to Phoenix when needed. The deal finalized in early October comes despite long-standing rivalries between Arizona's two largest cities.

"Any water between Phoenix and Tucson is 10 years ago," Phoenix Mayor Greg Stanton said in an interview.

Water transfers between agencies have been picking up across the West in the wake of a drought that has ravaged the region. The use of water peaked 15 years. During Texas' severe drought in 2011, more than 17 million acre feet of water were transferred across users, compared with an average of 150,000 annually between 2007 and 2009, according to a 2012 report by the Metropolitan Association and Western States Water Council. An acre foot is 326,000 gallons, or about the amount of water used by a family of four in a year.

In August, the Metropolitan Water District of Southern California agreed to sell water to Sierra Madre, Calif., as part of a deal with the Upper San Gabriel Valley Municipal Water District to ease that city's shortage.

"This is ushering in an era of cooperation where, typically in the past, each player has watched out for itself in its own rights," said Dave White, codirector of the Decision Center for a Desert City at Arizona State University in Tempe, Ariz.

Water exchanges have been used to some extent in the West for decades, but water experts say the numbers have been in-



Chief hydrologist Wally Wilson, at top right, works at Tucson Water last week. Above, the Southern Avra Valley Storage and Recovery Project, a water facility in Tucson, 2009.

creasing in recent years. One reason, they say: The supply of Western water has shrunk amid drought even as the region's population has expanded. The problem is acute in the Lower Colorado River basin, where the Lake Mead reservoir, which provides water to 25 million people in California, Nevada and Arizona, has fallen to 30% of capacity.

With projections of continued declines in the Colorado River due to climate change, local officials are looking at ways to increase the amount of water in storage.

Arizona has some of the most extensive underground storage in the West, with about 11 million acre feet of recoverable water—roughly four times what the state gets as its annual share from the Colorado River, said Thomas Buschatzke, assistant director of the Arizona Department of Water

Resources. Yet the water isn't always readily accessible, nor cheap to withdraw. Phoenix, for example, can meet only 5% of its peak demand because its 18 active wells aren't enough to pump the water out, said Kathryn Sorensen, water resources manager for the city of Phoenix. Phoenix gets about half its water from the Colorado River and half from a local tributary called the Salt River.

Tucson, by contrast, has more than 200 wells because its sole source of water is that taken from the Colorado River and stored in reservoirs and groundwater. But the city of \$26,000 pays \$200 an acre foot to pump the water, a cost that will decrease as Phoenix water helps refill aquifers that remain at least 200 feet below capacity, said Wally Wilson, chief hydrologist for Tucson Water.

Suspect in Ambush of Troopers Captured

By SCOTT CALVERT

Eric Frein, a self-described survivalist suspected of fatally shooting a Pennsylvania state trooper last month and eluding capture for more than seven weeks, was taken into custody Thursday, state police said.

A police spokeswoman said in an email she had no further information to release. Mr. Frein was captured by U.S. Marshals and armed with a rifle and a handgun, and a member of a law enforcement official family with the case.

Mr. Frein, 31 years old, is charged with opening fire outside the state police barracks on Sept. 12 in Blooming Grove, Pa., during a late-evening shift change, killing Cpl. Bryon Dickson, 38, and critically wounding

Trooper Alex Douglass, 31.

Police have said Mr. Frein harbored a grudge against law-enforcement officers and described him as a skilled marksman.

The manhunt, which officials said cost millions of dollars, raged through the Pocono Mountains, in the northeastern part of the state. Some schools were closed for a number of days, and tourism-related businesses said a climate of fear had kept customers away. Some Halloween festivities were canceled.

Mr. Frein's jeep was found partially submerged in a pond. There were several alleged sightings of Mr. Frein, including one on Wednesday, and authorities found items belonging to him in the dense woods.



Hunt for Eric Frein lasted weeks.

Authorities said thick tree covering and rugged terrain posed enormous challenges, prompting officials to try various approaches. This week, an unmanned balloon was sent aloft in the hope that technology on board could help locate Mr. Frein. The state police said the balloon didn't prove very useful.

After Mr. Frein was identified as a suspect, police concentrated their search in the woods around his parents' home in the town of Canadensis. But they shifted their focus miles away in a remote possibility.

The Federal Bureau of Investigation was involved in the search and added Mr. Frein to its list of 10 most-wanted fugitives.

—Andrew Grossman

contributed to this article.

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Arizona's two largest cities. "Any rivalry between Phoenix and Tucson is so 10 years ago," Phoenix Mayor Greg Stanton said in an interview.

Water transfers between cities have been picking up across the West in the wake of a drought that has ravaged the region for much of the past decade. During last year's severe drought in 2011, more than 17 million acre feet of water were transferred between users, compared with an average of 150,000 annually between 2007 and 2009, according to a 2012 report by the Western Governors Association and the Western Water Council. An acre foot is 325,000 gallons, or about the amount of water used by a family of four in a year.

In August, the Metropolitan Water District of Southern California agreed to transfer water west to San Diego, as part of a deal with the Upper San Gabriel Valley Municipal Water District to ease that city's shortage.

"This is ushering in an era of cooperation where, typically in the past, each entity would look out and protect its own rights," said Dave White, codirector of the Decision Center for a Desert City at Arizona State University in Tempe, Ariz.

Water exchanges have been used to some extent in the West for decades, but water experts say the numbers have been in-



Chief hydrologist Wally Wilson, at top right, works at Tucson Water last week. Above, the Southern Avra Valley Storage and Recovery Project, a water facility in Tucson, Ariz.

creasing in recent years. One reason: The amount of Western water has shrunk amid drought even as the region's population has expanded. The problem is acute in the Lower Colorado River basin, where the Lake Mead reservoir, which provides water to 20 million people in California, Nevada and Arizona, has fallen to 39% of capacity.

With projections of continued declines in the Colorado River due to climate change, local officials are looking at ways to increase the amount of water in storage.

Arizona has some of the most extensive underground storage in the West, with about 11 million acre feet of recoverable water—roughly four times what the state gets as its annual share from the Colorado River, said Thomas Buschartz, assistant director of the Arizona Department of Water

Resources.

Yet the water isn't always readily accessible, nor cheap to withdraw. Phoenix, for example, can meet only 5% of its peak demand because its 18 active wells aren't enough to pump the water out, said Kathryn Sommerville, water resources director for the city of 1.5 million. Phoenix gets about half its water from the Colorado River and half from a local tributary called the Salt River.

Tucson, by contrast, has more than 200 wells because its sole source of water is its own tanks, which are located in Colorado River sand stored underground with local groundwater. But the city of \$26,000 pays \$200 an acre foot to pump the water, a cost that will decrease as Phoenix water helps refill aquifers that remain at least 200 feet below capacity, said Wally Wilson, chief hydrologist for Tucson Water.

Since 2000, Tucson has spent \$250 million building a network of wells and other facilities to inject its share of Colorado River water underground, part of a long-term plan to hedge against future drought. "We see this horizon where shortages are going to be here," Mr. Wilson said during a tour of a water pond in the desert outside Tucson.

Unable to use all of the city's Colorado River water due to the lack of wells to store it, Phoenix officials in 2007 considered sending a million acre foot to be stored in Tucson, but dropped the plan amid the recession and legal questions. Mr. Buschartz said. After taking office in 2012, Mr. Stanton pushed for the water transfer anew.

"It's cities saying, 'We are going to be in a leadership role in drought planning,'" the mayor said.

Suspect in Ambush of Troopers Captured

By SCOTT CALVERT

Trooper Alex Douglass, 31, police have said. Mr. Frein harbored a grudge against law enforcement officers and described himself as a skilled marksman.

The manhunt, which officials said cost millions of dollars, raged for nearly a week in the Allegheny Mountains, in the northeastern part of the state. Some schools were closed for a number of days, and tourism-related businesses said a climate of fear had kept customers away. Some Halloween festivities were canceled. One man died in a shooting.

Mr. Frein, 31 years old, is charged with opening fire outside the state police barracks on Sept. 12 in Blooming Grove, Pa., during a late-evening shift change, killing Cpl. Bryan Dickson, 38, and critically wounding



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—Andrew Grossman

contributed to this article.

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U.S. NEWS

Obama Casts Long Shadow on Iowa Contest

Republican Joni Ernst Links Bruce Braley, Her Democratic Opponent in Senate Race, to the Unpopular President's Policies

By CAROL E. LEE

TOLEDO, Iowa—President Barack Obama hasn't set foot since 2012 in the state that launched his presidential career, but his presence still weighs heavily on Iowa's unexpectedly close Senate race.

Joni Ernst, the Republican candidate for the open seat, frequently invokes the president, though he were running alongside her opponent, Democratic Rep. Bruce Braley.

"Are we going to stay on this path that President Obama and Congressman Braley set for us—which is higher unemployment, low income growth, more workers, weakened national security—or do we make a change?" Mrs. Ernst told voters at a dinner here between Cedar Rapids and Des Moines.

Few states next week would mark as symbolic a pickup for Republicans as Iowa, which seemed an unlikely get for the GOP just months ago. The state gave Mr. Obama his first big win over Hillary Clinton in 2008, and backed him for president twice. Democratic Sen. Tom Harkin, who chose not to run for re-election, had served for 30 years the Senate seat most in play.

The 44-year-old Iowa state senator, appears to have momentum in the final



The GOP's Joni Ernst is in a close race with Democratic Rep. Bruce Braley to succeed Sen. Tom Harkin.

days underscores how Iowa has emerged as a laboratory for this year's political crosscurrents. High on the list: deep voter dissatisfaction with Washington and the apparent fracturing of the tandem Obama coalition at a time of drooping presidential approval.

"He got there because of the

black vote, and the Hispanic vote, and the college kids," said Michael Lopez, a 78-year-old retired veteran from Tiffin, Iowa, of a president he voted for twice. "I think if I had it to do over again, the second time around I may not have voted for him."

Mr. Obama's aides argue he

was hardly a boost to Democrats in the 2010 midterms either, yet he won states like Iowa two years later. However, the vote goes Tuesday, they say, will indicate what the state's lasting partisanship is.

"In today's polarized environment, comparing midterms and presidential year electorates is

apples and oranges in a lot of ways," said Dan Pfeiffer, a senior White House adviser.

Mr. Braley, 57 years old, has been like a lot of other Democrats running for Senate this year: he has distanced himself from Mr. Obama. Instead he has campaigned with Vice President Joe Biden and, on Wednesday, with Mrs. Clinton.

Mrs. Ernst led Mr. Braley 49% to 45% in a Quinnipiac poll released Wednesday; other polls show her slightly ahead.

Mrs. Ernst is a natural on the campaign trail in a state that places a premium on retail politics. Her approach mixes motherly tough love and folksy farm-girl charm. "Oh my heaven's sake," she says, in an effort to move voters who slips her hand before moving on to sign a T-shirt borne out of her viral campaign ad comparing castrating hogs to cutting legislative pork.

"I think sometimes you have to just say it like it is, like Joni," said Rep. Steve Hohenstein, a 79-year-old Republican from West Des Moines, Iowa. "She says what it is. It's a mess in the capital, and it needs to be straightened out."

Mrs. Ernst likes to note her service in the Iowa Army National Guard and how she is bound to be a southwest Iowa "farm girl" as she did during a meet-and-greet with 50 voters at the public library in Butler County.

In return, Mr. Braley has sought to cast his opponent as extreme.

"Because they have been so successful at selling a biography and a smile, no one seems to be paying attention to where she stands and what she's for," said Braley campaign adviser Jeff Link.

Mr. Braley has sought to maintain Democrats' edge among women voters by highlighting Mrs. Ernst's support for same-sex marriage and her record in the Iowa state Senate designed to define life as beginning at conception. "She's trying to hide that she's not on your side," Mr. Braley said at a rally with Mr. Biden.

Mr. Biden, in an interview, questioned his opponents tactics. "What he is trying to do is scare women, and that's not healthy," he said.

Her campaign has tried to broaden her appeal with the campaign slogan: "Mother. Soldier. Independent. Leader." A sense of disengagement in Mr. Obama has helped energize Republicans. "I had high hopes for him," said Fran Goetz, a 55-year-old retired nurse from Garwin, Iowa, who was at the Toledo diner during Mrs. Ernst's appearance. "He had a chance to be one of the greatest presidents we had in modern times."

But now, Mr. Goetz said of the president, "he's kind of cold."

Nevada Race Could Set Stage for a 2016 Challenge to Reid

By ALEJANDRO LAZO

SPARKS, Nev.—Senate Majority Leader Harry Reid is not the only Nevada politician who has built a competitive contest for lieutenant governor that could have big implications for the Democrat's future in Washington.

If a Republican wins the lieutenant governor slot, Gov. Brian Sandoval, a popular former lawmaker expected to easily win re-election, would be free to challenge Mr. Reid in 2016 without turning over his office to a Democrat. If a Democrat wins, the governor likely would feel more tied to his current position, political experts say.

While Mr. Sandoval has said he remains focused on this year's race, political observers say pressure would build for him to mount a Senate bid. A poll this summer by Harper Polling shows Mr. Sandoval could be a legitimate challenger, leading Mr. Reid 53% to 49% in a hypothetical 2016 matchup.

That has made the normally low-profile lieutenant governor's race between Republican State Sen. Mark Hutchison and Democratic Assemblywoman Lucy Flores "a more interesting race than the governor's race," said Eric Herzl, chair of the political science department at the University of Nevada, Reno.

Mr. Sandoval, 51 years old, a telegenic Hispanic leader who has presided over improving economy in the Silver State, has campaigned side by side with Mr. Hutchison, 51, pitching the two as a team.

Senate Minority Leader Mitch



Senate Minority Leader Mitch McConnell of Kentucky, above left, could face a challenge in 2016 from Nevada GOP Gov. Brian Sandoval, above at microphone, if his lieutenant governor running mate wins this year.



A Reid spokeswoman, Kristen Orrin Hatch of Utah attended a meet-and-greet breakfast in September for Mr. Hutchison in Washington. All of that has helped the Republican raise a record \$2.4 million to defeat a primary challenge and take on Ms. Flores.

Mr. Reid is supporting Ms. Flores, attending campaign events for the two-term assemblywoman and helping her raise campaign cash. Ms. Flores has also gotten advice from Brandon Hall, who was Mr. Reid's campaign manager for the Senate. Adelita Domisne, a former campaign manager for Sen. Cory Booker (D., N.J.), has raised about \$650,000 for her bid.

That race as the strongest potential general-election contender. She lost the primary to a tea party-aligned Republican, who Mr. Reid went on to easily defeat.

In 2004, Mr. Reid recommended Mr. Sandoval be nominated for a U.S. District Court seat. Mr. Sandoval, who had been nominated by George W. Bush, obliged. Mr. Sandoval returned to electoral politics in 2009 to run for governor, beating Mr. Reid's son, Ross, for the job in the 2010 general election.

Since then, Mr. Sandoval has been mentioned in Republican circles as a potential presidential candidate, vice-presidential running mate or an ideal challenger to Mr. Reid.

Mr. Sandoval also has had a

checkered history with his handpicked candidate, Mr. Hutchinson, who heads a large law firm in the state and was appointed by Mr. Sandoval to lead the state's constitutional challenge to the Affordable Care Act.

Few political analysts have backed on their troubled pasts as much as Ms. Flores, who has been telling voters about her unlikely journey from a high school dropout involved in a gang to a school graduate and political candidate.

There obviously was no indication in my background that I would be here with you, in this way, and the reason why I am, is

because people invested in me." Ms. Flores told supporters at a recent party in a cramped, second-story apartment in Sparks, outside Reno, belonging to Democratic activist Elvira Diaz.

Ms. Diaz, who had prepared notes for a speech by Mr. Hutchison, compared the candidate to the late Latina pop star Selena, saying Ms. Flores would open new opportunities for women.

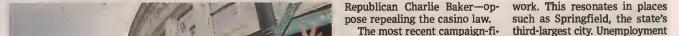
While tapping into the state's growing Latino population is a strategy that might have worked in the past, the trend is shaping up to be a challenge for the Nevada Democrats, with early voting that began Oct. 18 showing Republicans with a sizable advantage.

Massachusetts Reconsiders Its Bet on Legal Casinos

By JON KAMP

Three years after a state law

kind," said Clyde Barrow, an industry consultant who chairs the political science department at



Republican Charlie Baker—oppose repealing the casino law.

The most recent campaign fi-

work. This resonates in places such as Springfield, the state's third-largest city. Unemployment

which is higher than unemployment, lower participation rates in the workforce, weaker national security—or do we make a change?" Mrs. Ernst told voters at a dinner here between Cedar Rapids and Des Moines.

Few states next week would mark as symbolic a pickup for now as Iowa, which seemed an unlikely get-out-the-GOP just months ago. The state gave Mr. Obama his first big win over Hillary Clinton in 2008, and backed him for president twice. Democratic Sen. Tom Harkin, who chose not to run for re-election, has held for 30 years the Senate seat.

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Nevada Race Could Set Stage for a 2016 Challenge to Reid

By ALEXANDRO LAZO

SPARKS, Nev.—Senate Majority Leader Harry Reid isn't on the Nevada political radar this year, but a competitive contest for lieutenant governor could have big implications for the Democrat's future in Washington.

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Senate Minority Leader Mitch



Sen. Harry Reid, above left, could face a



Gov. Brian Sandoval, above, in front of a 'WELCOME to Fabulous LAS VEGAS NEVADA' sign.

Associated Press

McConnell of Kentucky and Sen. Orrin G. Hatch of Utah, a member-and-ex member of the Senate for Mr. Hutchison in Washington. All of that has helped the Republican raise a record \$2.4 million to defeat a primary challenge and take on Ms. Flores, 35.

Mr. Reid, the Democrat's 74-year-old leader in the Senate, has proved masterful at escaping tough election challenges and eliminating potential opponents.

In 2010, an outside expenditure group affiliated with the Senate ran attack ads in the GOP Senate primary against candidate Sue Lowden, perceived early in that race as the strongest potential general-election contender. Sen. Joe Manchin, a Democrat, the senator and Mr. Sandoval, "Lucy's" an inspiring candidate, she is a rising star in Nevada, and she certainly has a future in Nevada politics," Ms. Orthman said. But she added, there are "a number of very important races on the horizon."

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Massachusetts Reconsiders Its Bet on Legal Casinos

By JON KAMP

Three years after a state law paved the way for legalized casino gambling in Massachusetts, voters are set to decide next week whether the England's largest state should reverse course before the slot machine reels start spinning.

The 2011 law allowed for Las Vegas-style gambling on the promise of thousands of new jobs and billions of dollars in state revenue.

Two resort casinos and a slots parlor have won licenses, but the issue remains contentious. Casino opponents collected more than 116,000 signatures to land a November ballot question that could overturn the law.

The latest polling suggests a steep uphill climb, but if casino opponents mount a late surge, Massachusetts would enter clarified territory by bucking an expansion trend that has brought豪赌者 to other states, according to industry data.

Experts note that there are no modern examples of U.S. voters ousting casinos at the ballot box. "This would be the first of its

kind," said Clyde Barrow, an industry consultant who chairs the political science department at the University of Texas-Pan American.

The opposition is fueled by a group called the "Casino Busters" group led by computer programmer John Ribeiro. He got his start several years ago opposing a casino plan at a founding racetrack in his former Boston neighborhood and rose to a leadership role in the anti-casino movement.

They argue the economic benefits of casinos are overstated and will be overshadowed by problems, such as degraded property values, higher crime and traffic.

Casino backers note that gamblers can visit nearby states that reap the financial benefits, "all the problems that are attendant with casinos are outside our borders now, too," Mr. Ribeiro said.

The Northeast already is grappling with an increasingly congested casino market. New Jersey, a former coastal monopoly now hemmed in by gambling in neighboring states,



Everett, Mass., residents celebrated in September after a state board voted to award a gaming license to a Wynn casino there.

Republican Charlie Baker—oppose repealing the casino law.

The most recent campaign finance records show anti-repeal group "Coalition to Protect Mass Jobs" has collected nearly \$11.9 million this year, about 24 times the \$470,000 collected by the group's opponents. Its side also raised up significant debt mounting a legal fight to get on the ballot.

Nearly all the anti-repeal money has come from MGM Resorts International, which plans an \$800 million resort casino in the 2014 opening of its Springfield, Mass., hotel. Its side also raised up significant debt mounting a legal fight to get on the ballot.

The state law allows for a third resort casino in the southeast part of the state, but that licensing process has moved slowly amid the possibility there could be a competing Native American casino there.

The two major gubernatorial candidates on this year's ballot—Democrat Martha Coakley and

work. This represents in place such as Springfield, the state's third-largest city. Unemployment there tops 10%, and MGM is aiming to redevelop a part of downtown damaged by a 2011 tornado.

"This would give us a real shot in the arm," said Mayor Donald Sowle, a Democrat and candidate.

Surveys have shown the anti-repeal side with more than 50% support, and a Suffolk University/Boston Herald poll on Thursday showed the gap widening. Among 500 likely voters asked, 53% supported the repeal side, up 5 percentage points from a June poll.

Gambling opponents will need a "pronounced and dramatic" surge to make up the difference, said David Paleologos, who directs David Paleologos Political Research Center.

Mr. Ribeiro said he expects strong turnout from gambling opponents, and noted that several towns and cities around the state already have turned away individual casinos.

"Our voters are certainly coming out on this," he said.

Environment Groups Back Some Who Resist Goals

By AMY HARDER
AND BETH REINHARD

Environmental groups are spending a record amount of money for a midterm election, with the goal of keeping the Senate out of Republican hands. But in the process, they are backing Democrats who oppose some of the environmental group's top goals, including stopping the Keystone XL pipeline and curbing coal for oil and natural gas.

In one example, a partnership of two environmental groups is bundling donations for Georgia Senate candidate Michelle Nunn, who supports construction of the oil pipeline. Ms. Nunn last month ran a television ad that said, "Too many Democrats play politics by dragging their feet on the Keystone pipeline."

Among other candidates who received funds from environmental groups, Sens. Begich of Alaska and Hagan of North Carolina favor the pipeline, while Colorado Sen. Mark Udall supports fracking.

The League of Conservation Voters and affiliates are spending nearly \$30 million in the midterms, nearly double the increase over 2010. Separately, the league's Action Fund in concert with the National Resources Defense Council Action Fund have raised \$5.8 million for state and federal candidates, including Ms. Nunn. That is 2 1/2 times what the groups raised in the 2012 election.

The decision by some green groups to back pro-Keystone, pro-fracking candidates reflects a bet that a Democratic-controlled Senate nonetheless would be friendlier to their causes than one run by Republicans. Fracking is a drilling technique that some environmentalists criticize in part for its potential impact on drinking-water supplies.

In part, the strategy is a calculated effort by the environmentalists to present their greater goal of protecting environmental Agency rules that would cut car-

The political donations reflect the groups' overall aim of keeping the Senate under Democratic control.

bon emissions from power plants—the heart of President Barack Obama's climate plan. To varying degrees, Messrs. Begich and Udall, as well as Ms. Hagan and Ms. Nunn, have supported the EPA's authority to regulate those emissions, which are linked to climate change. "For this [election] cycle, we know it's just not a litmus test," said Heather Taylor-Miesle, director of the NRDC Action Fund.

Conservatives say the unwillingness of some Democrats to adopt the 2013 climate plan's agenda shows the weakness of the green groups' policy stances.

"The actions of the environmental movement in this election cycle are an admission that the public has swung our way on several key issues, most importantly Keystone," said Tim Phillips, president of the Center for Prosperity, a group funded by the conservative Koch brothers.

All major environmental groups oppose Keystone XL. In April, Mr. Obama postponed a decision on the project until after the Nov. 4 election. Administration officials cited legislation in Nebraska where the pipeline would run, but the move was widely seen as an effort to blunt criticism that the Democrats were blocking a project that could create



The Birchwood Cafe in Aitkin, Minn., draws a group of men who eat breakfast, talk politics and air gripes that help explain why some longtime Democrats now lean Republican.



Ann Arbormer for The Wall Street Journal (all photos)

Continued from Page One

years are relatively sparse. This time, Republicans may take more.

Seven of the 39 House races rated most competitive by the nonpartisan Cook Political Report are in districts with large numbers of white, working-class voters, six of them held by Democrats. In addition, one of the other such Democratic district is seen as likely to flip Republican.

In West Virginia, for example, 19-term Rep. Nick Rahall, the seventh-most senior House member, is battling for survival. A district in southern West Virginia, represented by Democrats for more than two decades, and northern Maine, where a six-term Democrat is leaving office, are tossups. And Democrats are struggling to hold two seats in Minnesota, including Mr. Nolan's sprawling district, which stretches from the Twin Cities to the U.S.-Canada border.

Nonpartisan political analysts expect Republicans to win somewhere between two and 10 additional House seats. A gain of 12 districts would match the Republican party's Post-War World II record of 246 seats in 1947.

Reducing the number of working-class voters is a tall order for Democrats, who have won the popular vote in five of the past six presidential elections with broad support from minorities, women and younger voters. Democrats have won several elections with the message that government should help people through such programs as food subsidies, food stamps and the Affordable Care Act.

Democrats say they can bridge cultural divides by drawing white, working-class voters by pushing for a higher minimum wage, for example, and other policies they contend foster economic opportunity. "The white working class hasn't had a raise in 20 years," said Linda Lake, a Democrat from Minnesota. "Economics will change these constituencies, whereas sometimes the social issues can divide them."

But some voters resent paying for federal programs they say discourage hard work and individual responsibility. In a Wall Street Journal/NBC News poll in August, 53% of white voters said the government was doing too many things to meet the needs of people, help that should be left to businesses and individuals, compared with 32% of African-Americans and 44% of Hispanics.

Federal programs seemed to be a safety net, said Dan Anderson, a 52-year-old highway construction worker from Duluth, Minn., another town in Mr. Nolan's district. "Now it's a way of life for a lot of people."

Mr. Anderson supports the birchwood cafe, which offers programs of Social Security and Medicare. "There are programs we have to have," he said, but worried the government was overextending its reach. "We've got to take care of the needy, it just grows into people."

A distinction, said Mr. Lundquist, the executive, is that "we worked and paid for" Social Security and Medicare. Another Birchwood Cafe regular, masonry contractor Carl Kurtz, 62, said he

grants have allowed people to do more too much on the federal government. "All they've done is absolutely destroy the black family," he said, "and ruined a lot of white families around here, too."

In Aitkin, the seat of Aitkin County, the bowling alley draws a good lunch crowd and is a favorite of Mr. Nolan's. The town, represented by Democrats for most of the past two decades, and northern Maine, where a six-term Democrat is leaving office, are tossups. And Democrats are struggling to hold two seats in Minnesota, including Mr. Nolan's sprawling district, which stretches from the Twin Cities to the U.S.-Canada border.

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Democrats, who have won the popular vote in five of the past six presidential elections with broad support from minorities, women and younger voters. "The party's tone on social issues also alienated some voters, he said. "Whether it's guns or gay or whatever, it's not what the Democratic establishment made fun of these things."

The Democrats' declining support among white, working-class voters began decades ago. In 1993, for example, Democrats held 17 of the 20 seats in the Twin Cities' House Journal counties, as largely white and working-class. Today, Democrats hold just 11 of 20 such districts among the House's 435 seats.

Mr. Nolan's 8th congressional district is about 93% white and more than half the residents of German, Norwegian or Swedish heritage. The median household income is \$49,860, below the U.S. median of \$53,000; a bit more than 22% of residents have a bachelor's degree or higher, below the national median of 28.5%, according to the 2010 Census Bureau.

Mr. Nolan, a 70-year-old former businessman, served in Congress from 1975 until 1981. He successfully ran again in 2012, when Mr. Obama beat former Massachusetts Gov. Mitt Romney in his largely rural district.

For decades, the congressional district was a stronghold of the Democratic-Farmer-Labor Party—the state's Democratic Party—supported by unions for miners and other workers. But as mining became more automated, reducing the need for miners, the redistricting of districts comes after the 1990 and 2000 Census, along with more recent population growth in the district's exurbs, have brought in more conservative residents.

Democrats control the Minnesota state Legislature, and polls show the party has a comfortable lead. But Mr. Nolan has a formidable challenger in Mr. Mills, vice president of his family's Mills Fleet Farm, a chain of more than 30 stores selling sporting goods and gardening supplies. Mr. Mills, age 42, supports gun rights and his stores sell assault weapons. He also ministers a health plan for more than 6,000 of his employees, bringing personal experience to his arguments against the health-

goal, he said, in the campaign, showing a single-payer health system, similar to Medicare.

"We all do better when we all do better," Mr. Nolan said.

Grace Wagner, a 69-year-old farmer, favors Mr. Nolan's views and said she has already voted for him by absentee ballot. The video showed Fleet Farm employees shooting targets at the company's firing range to illustrate how such guns could be more destructive than a semi-automatic rifle, which would be banned under the proposal.

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Second Amendment, we can only have hunting guns," Mr. Mills said in an interview. "The Republicans are a much better fit for representing the ideals and the priorities for our state of Minnesota."

Mr. Nolan also backs the Second Amendment, he said, adding "reasonable restrictions have always been a part of our free-doms."

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"When you're on a strict income, it really helps," she said, while selling produce at a farmer's market in Duluth, Minn.

White, working-class voters play an outsize role in how they live. The U.S. is about evenly split between the two parties, but Democrats are more clustered in cities and Republicans are dispersed more evenly. As a result, Democrats tend to dominate a smaller number of urban districts while Republicans win more districts, though by slimmer margins.

Republican-controlled redistricting strengthened the party's grip on House races. After the 2010 census, Republicans controlled 17 of the 20 House seats in Mr. Nolan's office in far more states than Democrats did. That enabled the party to redraw congressional boundaries with more federal spending on infrastructure, the Affordable Care Act, though with proposed changes.

Mr. Nolan favors a more expansive role for government, including a higher minimum wage, more federal spending on infrastructure, the Affordable Care Act, though with proposed changes.

In its analysis, The Wall Street Journal included districts that had a white population of greater than 85%, a median income of less than \$30,000 and fewer than 3% of residents with a bachelor's degree. To account for inflation, the Journal analysis counted districts in 2014 with populations greater than 70,650 years old, said a spokesman.

In Aitkin, redistricting helped another rural representative, Rep. Jim Bridenstine, said he loved President John F. Kennedy asking Americans to serve their country. Too many people, he said, are now only looking for what they can get.

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Senate candidate Michelle Nunn, who supports construction of the oil pipeline. Ms. Nunn, last month said she believed that "too many Democrats play politics by dragging their feet on the Keystone pipeline."

Among other candidates who received funds from environmental groups, Sens. Mark Begich of Alaska and Kay Hagan of North Carolina oppose the pipeline, while Colorado Sen. Mark Udall supports fracking.

The League of Conservation Voters and affiliates are spending nearly \$30 million in the midterms, a nearly sixfold increase from 2010. Separately, the League's Action Fund, which has the National Resources Defense Council Action Fund have raised \$5.8 million for state and federal candidates, including Ms. Nunn. That is 2 1/2 times what the partnership raised in the 2012 election.

The opposition by some groups to back pro-Keystone, pro-fracking candidates reflects a bet that a Democratic-controlled Senate nonetheless would be friendlier to their cause than one run by Republicans. Fracking is a drilling technology that some environmentalists criticize in part for its potential impact on drinking-water supplies.

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Conservatives say the unwillingness of some Democrats to adopt the full environmental agenda shows the weakness of the three-term president.

"The actions of the environmental movement in this election cycle are an admission that the public has swung our way on several key issues, most importantly Keystone," said Tim Phillips, president of Americans for Prosperity, a group funded by the Koch brothers.

All major environmental groups oppose Keystone XL. In April, Mr. Obama postponed a decision on the project until after the election. Administration officials cited litigation. Nebraska's state government was run, but the move was widely seen as an effort to blunt criticism that Democrats were blocking a project that could create tens of thousands of construction jobs.

The largest environmental spender in 2014, NextGen Climate, isn't directly helping pro-Keystone XL candidates. Buoyed by more than \$50 million from billionaire Tom Steyer, the group is running television ads nationwide mocking Republicans who have "abandoned science."

The ads are part of a strategy aimed at mobilizing liberal Democratic voters who may sit out the midterm elections.

In Pennsylvania, NextGen ran a TV spot attacking Republican Gov. Tom Corbett not on his climate views but on his ties to the oil and gas industry.

At a Pittsburgh Pirates baseball game this summer, NextGen flew a plane trailing a banner that read: "Gov. Corbett + Big Oil & Gas = #FrackedUp."

The banner didn't mention

Continued from Page One

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Some of the 39 districts take more competitive, most competitive by the nonpartisan Cook Political Report are in districts with large numbers of white, working-class voters or of those districts held by Democrats. In addition, one other such Democratic district, it is seen as safe.

In West Virginia, for example, 19-term Rep. Nick Rahall, the seventh-most senior House member, said

Democrats for more than two decades, the northern part of the state, with six-term Democrat is leaving office, are tossups. And Democrats are struggling to hold two seats in Minnesota, including Mr. Nolan's sprawling district, which stretches from the Minneapolis suburbs to the U.S.-Canada border.

"They became a feeling that the party that took me in, that worked and gave it to people that didn't work," Mr. Gorden said. "The party's tone on social issues also alienated some voters, he said: "Whether it's guns or gay or religion, it was almost like the Democratic establishment made that a priority."

The Democrats' declining support among white, working-class voters began decades ago. In 1993, for example, Democrats held 36 of the 71 districts that The Wall Street Journal counted as the most white and working-class. Today, Democrats hold only 11 of 70 such districts, according to the House's 435 seats.

Mr. Nolan's 8th congressional district is almost 93% white with more than half of its residents of German, Norwegian or Swedish ancestry. The median household income is \$49,800, below the U.S. median of \$53,000, a bit more than 22% of residents have a bachelor's degree or higher, below the national median of 28.5%, according to the Census Bureau.

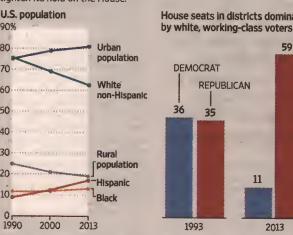
Mr. Nolan, a 70-year-old former bus driver, has served in Congress from 1975 until 1981. He successfully ran again in 2012, when Mr. Obama beat former Massachusetts Gov. Mitt Romney in his largely rural district 51.5% to 46%.

For decades, the congressional district was stronghold of the Democratic Party. Labor unions, the state's Democratic Party—supported by unions for miners and other workers. But as mining became more automated, reducing jobs, the population shrank. The redrawing of district lines after the 1990 and 2010 Census, along with more recent population growth in the district's suburbs, have brought in more conservative residents.

Democrats control the Minnesota state Legislature, and polls show Democratic Gov. Mark Dayton with a comfortable lead. But that could change if Mr. Mills' challenger in Mr. Mills' vice presidential bid of his family's Mills Fleet Farm, a chain of more than 30 stores selling sporting goods and gardening supplies. Mr. Mills, age 42, supports gun rights and his sons sell guns and ammunition. He also advocates a health plan for more than 6,000 of his employees, bringing personal experience to his arguments against the health care law.

The GOP's Growing Grip on a Shrinking Group

The U.S. population is becoming more urban and racially diverse, signaling a decline in the share of white, working-class voters. But growing support from these voters has helped the Republican Party tighten its hold on the House.



Sources: Census Bureau; Wall Street Journal analysis of white, working-class districts

Mr. Mills first drew attention in January 2013 with an online video challenging Mr. Nolan's position on assault weapons ban and his support for gun control. "We want to shoot a duck," the video showed Fleet Farm employees shooting targets at the company's firing range to illustrate how shotgun could be more destructive than a semi-automatic rifle, which would be banned under the proposal.

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Mr. Nolan favors a more expansive role for government, including a higher minimum wage, more federal spending on infrastructure and the Affordable Care Act, though with proposed changes.

The goal, he said in the campaign,

should be a single-payer health system, similar to Medicare.

"We can do better when we all do better," Mr. Nolan said.

Grace Walker, a 69-year-old farmer, favors Mr. Nolan's views

and said she has already voted for him by absentee ballot.

The election is seen as a referendum on how weatherization aid.

"We are in a really bad place in income," she said. "The district income is really high," she said, adding that she and her husband, a farmer, live in Duluth, Minn.

White, working-class voters play an outsized role in House races largely because of where they live. The U.S. is about evenly split between urban and rural. Democrats are more clustered in cities and Republicans are dispersed more evenly. As a result, Democrats tend to dominate a smaller number of urban districts while Republicans win more districts, though by slimmer margins.

Republican-controlled redistricting strengthened the party's advantage for House races. After the 2010 census, Republicans controlled both the legislature and governor's office in far more states than Democrats did. That enabled the party to redraw congressional boundaries with more Republican-leaning neighborhoods, creating safer GOP districts.

But favorable district lines generally don't help in presidential

elections because most votes are counted statewide. Many Republicans worry the party's strength among white voters isn't nearly enough to win national elections.

In 2012, Mr. Obama won 59% of the white vote but lost to Mr. Obama, who earned 80% support of nonwhite voters.

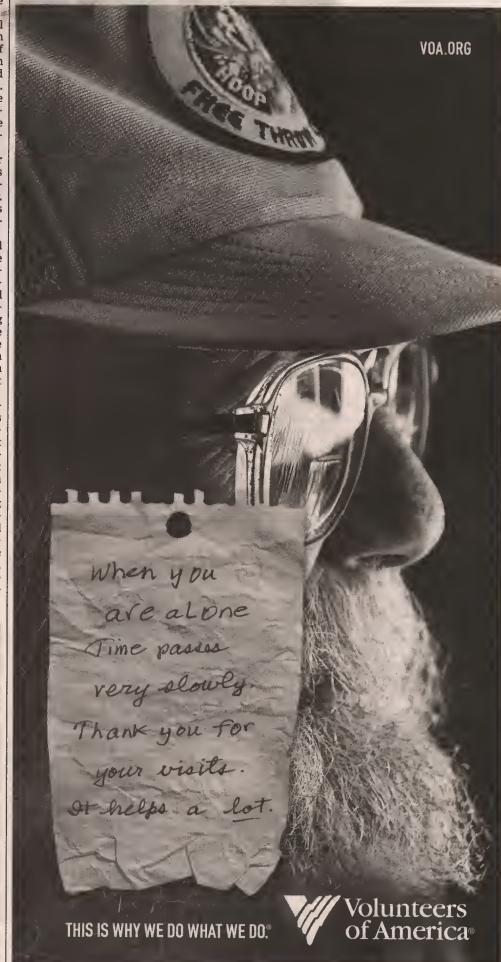
For Republicans, the concern is that the proportion of white voters continues to decline in presidential elections. Some worry the party's presidential nominee could draw a larger share than Mr. Obama did, hurting GOP chances at the White House.

In Aitkin, retired state trooper and Vietnam veteran Tom Druar, 65 years old, said he loved President John F. Kennedy asking Americans to serve their country. Too many people, he said, are now looking for what they can get.

"I used to be a conservative Democrat," he said. "There are no more of us."

In its analysis, The Wall Street Journal included districts that in 1970 had a white population of greater than 85%, median household income under \$30,000 and less than 28.5% with a bachelor's degree. To account for inflation and changes in the U.S. population, the Journal adjusted the data in 2014 with populations greater than 70%, median household income under \$40,000 and less than 29.5% with a bachelor's degree. For both years, the Journal identified the 39 most competitive districts that had a smaller lower income, had a larger white population and fewer college graduates than the U.S. as a whole.

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U.S. NEWS

Southern Baptists Soften Tone on Gays

By TAMARA AUDI

NASHVILLE, Tenn.—A gathering of Southern Baptists here opened this week with Albert Mohler, steward head of the Southern Baptist Theological Seminary, apologizing for “denying the reality of sexual orientation,” and saying orientation “can change.”

It closed with a pastor saying “no one goes to hell for being homosexual,” but he added Christians must remind gay friends and family members that “the day of judgment is coming.”

The gathering, the largest and one of the most conservative Protestant denominations, made waves in the religious and gay communities. Some praised the Southern Baptist Convention for softening its tone and message when discussing homosexuality. Critics complained that nothing had changed.

But others who attended said a shift was taking place. In private meetings and one-on-one encounters during the week, Southern Baptists and gay-rights advocates said they established relationships that had been cut off both sides through a time of deep cultural change, particularly as the church navigates issues such as the increasing acceptance of same-sex marriage.

Southern Baptists remain firmly opposed to same-sex marriage, church leaders say, and have used gay marriage as proof of the deterioration of Christian values. Some evangelicals and Baptists outside the SBC have begun advocating change—raising questions about prohibitions, and a desire to accept same-sex relationships. Though SBC pastors this week, while suggesting greater engagement with gays, reiterated the practice of homosexuality is a sin.

Southern Baptists and gay-rights supporters had clashed before this week, in private and online, but they had had direct personal contact.

“Everyone’s talking about each other. We needed to start talking to each other,” said Andrew



Attendees sing at a conference of Southern Baptists this week in Nashville, Tenn. Church pastors urged a greater engagement with gay people.

Walker, director of policy studies for the SBC’s Ethics and Religious Liberty Committee, which hosted the one-day conference.

Though gay-rights advocates and Christians who back same-sex marriage weren’t invited to speak, a small group attended to observe and meet informally with Southern Baptists, including Mr. Walker.

What’s significant is not the content of the meetings, but that there were meetings at all,” said Justin Lee, executive director of The Gay Christian Network. “It allowed us to humanize one another and form relationships.”

Both groups noted that each side found common ground with constituents, who may see such meetings as paving the way for an accommodation they don’t support. “No one ceded their

ground” on any issue, Mr. Walker said. “Neither side was brandishing the white flag.”

Over 100 Mr. Walker and more than a dozen Southern Baptists and gay-rights advocates gathered in a suite away from the ballroom where more than 1,300 attendees met for the public portion of the conference.

Both sides’ expectations as far as cheerfulness, friendliness and authenticity of the conversation, Mr. Walker said. “We disagreed, but we disagreed very well.”

Southern Baptists have complained they are often portrayed unfairly by gay-rights supporters as being out of touch with modern culture. The personal meetings “helpedify caricature,” Mr. Walker said.

Some gay-rights advocates at the conference said their greatest worry is for teens growing up in strict evangelical households who will be marginalised as families are coming out as gay.

While the private meetings offered hope, advocates said, they were disappointed by speech in some public sessions, including from Christians who described themselves as “struggling” with same-sex attraction.

But many SBC pastor and leaders encouraged Baptists not to shun gay, lesbian and transgender—or LGBT—people, as well as gay family members.

In a sign of the practical struggles Baptists face, some of them were seen in the hallway “What if you get invited to a same-sex wedding ceremony?” Russell Moore, president of the SBC’s Ethics and Religious Li-

erty Commission, was asked. “In that case, I would not attend the wedding. I would attend the reception,” he said.

“I was asked if a Baptist could say, ‘I love you and I love you with my heart.’

“I disagree with you, but I love you.”

Mr. Mohler, head of the theological seminary, said he hoped the conference would make Christians “motivated to be unashamed” of these issues, Mr. Mohler said.

“It’s not like anyone is suddenly pro-gay,” said Mr. Vines. But, “it feels like a new era.”

In C-Suite Milestone, Apple Chief Comes Out

Continued from Page One

Ian Journal-Constitution earlier this year. Mr. Cahy said his candidate had no business, and said he wouldn’t speak out further, though, he added, his beliefs haven’t changed.

Openly gay executives are still rare, even as companies have ramped up their recruitment of employees who are gay or transgender, and have offered benefits for same-sex spouses. Mr. Cook is believed to be the only openly gay CEO among the Fortune 500 list of top U.S. companies.

Mr. Cook, 53 years old, said he didn’t come out before because he thought it was “too risky,” but decided to do so now because he felt it might help others.

“I don’t consider myself an activist, but I realize how much I’ve benefited from the sacrifice of others,” he wrote in an essay in Bloomberg’s blog. “So as an SBC hearing that the CEO of Apple is gay can help someone struggling to come to terms with who he or she is, or bring comfort to anyone who feels alone, or inspire people to insist their equality, then it’s worth the trade-off with my own privacy.”

For a CEO of a major company, taking a big personal statement is something boards must manage very carefully. Apple is very much at the whim of consumers, and the reaction among the company’s business partners abroad shouldn’t be easily dis-



Apple's Tim Cook, shown last month, said Thursday he is 'proud to be gay.'

that could keep some from pursuing leadership roles. ■

“Executives need to understand that the bar has just been raised in terms of diversity,” he said. “They better be prepared to disclose things they never would have in the past,” he said.

In 29 states people can still be fired for being gay, and more than half of LGBT workers hide their identities at work, according to a Human Rights Campaign report published earlier this year.

Former BP PLC chief John Browne was closeted during his time running the oil giant for fear the company would lose suppliers and customers or be viewed as weak by competitors or foreign governments, according to a 2007 email revelation that he had lied in court about how he met his ex-boyfriend. He later wrote a book about life as a closeted CEO. Coming out is good for business, he argued, and staying closeted inhibits business leaders’ interactions with their customers.

Beth Brobeck-Marciniak, the global vice chair for public policy at professional services firm EY, the parent company of Ernst & Young, called Mr. Cook’s announcement a “game-changer.” She came out about three years ago, and later helped lead the firm’s internal public relations staff and LGBT leaders who guided her through the process. “It’s not business as usual,” she said. “It does have to be managed.”

Mr. Cook, who joined Apple in

1998 and took on the CEO role after Steve Jobs stepped down in 2001, has been vocal about the importance of human rights and equality, at times speaking forcefully about the rights of gay individuals.

Ben Schachter, an analyst with Macquarie Securities, said Mr. Cook’s announcement is unlikely to have a business impact on Apple, but other executives have acknowledged that it’s speaking out may come with costs.

Speaking at a conference in 2012, Goldman Sachs Group Inc. CEO Lloyd Blankfein said the bank lost at least one client after he spoke out in favor of gay marriage.

Longer-term, gay executives now say their generation may simply make a natural transition to the C-suite without much friction or fanfare.

Mr. Burgess, the bank CEO, said he was open about his sexuality for most of his career, including 10 years as an investment banker at Morgan Stanley.

Y Combinator’s Mr. Altman, who is 29 and has been out since high school, said the influence of Mr. Cook’s coming out will take years to realize as teenagers see his example and come out themselves.

“It will make people realize, not just in tech, that the biggest company in the world can be run by a gay person when it must be fine to be gay in business.”

OBITUARY
Thomas Menino 1942-2014

Boston’s Longtime Mayor Who Led Revival

By JENNIFER LEVITT

Thomas Menino, the longest-serving mayor of Boston and a popular figure who oversaw the once-gritty city’s transformation into a cultural and commercial hub, died Thursday. He was 71 years old. Mayor Martin J. Walsh confirmed the death. The former mayor had been battling cancer.

Nicknamed “the urban mechanic” for his relentless attention to everyday details in addition to high-profile projects, Mr. Menino, 71, left City Hall when his fifth term ended in January 2014. Slowed by a host of health problems unrelated to the cancer, he decided not to seek a sixth term, saying he was no longer up to a “Menino schedule.”

It was Menino’s passion with so many public events that surveys showed more than half of Bostonians had met him in person. A poll not long before he left office showed he enjoyed a 82% approval rating.

The first Italian-American to lead Boston, Mr. Menino was a lifelong resident of the Hyde Park section of the city, his official biography said. He earned a degree in community planning from the University of Massachusetts Amherst in 1988. He and his wife, the former Angela Falsetti, had two children, and six grandchildren.

Then came a councilman, Mr. Menino rose to acting mayor in 1993 when former Mayor Raymond Flynn was named ambassador to the Vatican. He was elected to the office later that year.

When Mr. Menino took the helm, Boston was struggling and losing residents to the suburbs. During his tenure, he reaped the benefits of a building boom and of Boston’s status as a major financial and cultural hub. He also is credited with vast improvements, including keeping the city in relatively strong financial shape and luring companies to the once-rundown South End.

Under his leadership, crime dropped, the city added 13 million square feet of office space, and more people were working in Boston in 2014 than at any point in the city’s history. Mr. Menino’s office said. His critics, though, say he was a “symbolic and not real” and not good at “hustle” and “street smarts.” In 2013, a Boston Globe columnist wrote that he was “dead” to Mr. Menino, as were “former political opponents, out-of-favor cops, recalcitrant developers, and business owners who didn’t fall quickly into line.”



Associated Press

Costume-Clad Children in St. Louis Hone Jokes for Halloween

sage when discussing homosexuality. "Our concern is that nothing really has changed."

But others who attended said a shift was taking place. In private meetings and one-on-one encounters during the week, Southern Baptists and gay-rights advocates said they established relationships with each other both sides through a time of deep cultural change, particularly as the church navigates issues, such as the increasing acceptance of same-sex marriage.

Southern Baptists remain firmly opposed to homosexuality, citing biblical authority, and see the acceptance of gay marriage as proof of the deterioration of Christian values. Some evangelicals and Baptists outside the SBC have begun advocating change-raising questions of Biblical prohibitions, and even calling for acceptance in same-sex relationships. Though SBC pastors this week, while suggesting greater engagement with gays, reiterated the practice of homosexuality is a sin.

Southern Baptists and gay-rights supporters had clashed by force over the issue, in print and online, but rarely had direct personal contact.

"Everyone's talking about each other. We needed to start talking to each other," said Andrew



Attendees sing at a conference of Southern Baptists this week in Nashville, Tenn. Church pastors urged a greater engagement with gay people.

Walker, director of policy studies for the SBC's Ethics and Religious Liberty Commission, which handles homosexuality.

Though gay-rights advocates and Christians who had same-sex marriage weren't invited to speak, a small group attended to observe and meet informally with Southern Baptists, including Mr. Walker.

One significant is not the content of the meetings, but that there were meetings at all," said Justin Lee, executive director of The Gay Christian Network. "It allowed us to humanize one another and form relationships."

Both groups noted that each side found supporters from constituents, who may see such meetings as paving the way for an accommodation they don't support. "No one ceded their

ground" on any issue, Mr. Walker said. "Neither side was brandishing the white flag."

On Friday night, Mr. Walker and many other invited Southern Baptists and gay-rights advocates gathered in a suite away from the ballroom where more than 1,300 attendees met for the public portion of the conference.

The meeting "exceeded both sides' expectations as far as the atmosphere and the level of authenticity of the conversation," Mr. Walker said. "We disagreed, but we disagreed very well."

Southern Baptists have complained they are often portrayed unfairly by gay-rights supporters as bigots, out of touch with modern life. The pastoral meeting "helped dispel caricature," Mr. Walker said.

Some gay-rights advocates at

the conference said their greatest worry is for teens growing up in strict evangelical households who may be shamed by their families for coming out as gay.

While the private meetings offered hope, advocates said they were disappointed by speech in some public sessions, including from Christians who described themselves as "struggling with same-sex attraction."

But many SBC pastors and leaders emphasized that Baptists not to shy away from issues of gender—or LGBT—people, as well as gay family members.

In a sign of the practical struggles Baptists face, some of the conference focused on advice: "What if you get invited to a same-sex wedding ceremony?" Russell Moore, president of the SBC's Ethics and Religious Lib-

erty Commission, was asked. "In that case, I would not attend the wedding. I would attend the reception," he said. In that way, he said, a Baptist could say, "I love you and I'm here with you. I disagree with you, but I love you."

Mr. Moore, a Harvard theological seminary, said he hoped the conference would make Christians "motivated to be engaged to engage with LGBT persons." Mr. Mohler this week met with Matthew Vines, an openly gay Christian who argues the Bible doesn't prohibit lifelong same-sex marriage.

"I think all evangelical Christians are having to learn how to discuss these issues," Mr. Mohler said.

"It's not like anyone is suddenly pro-gay," said Mr. Vines. But, "it feels like a new era."

In C-Suite Milestone, Apple Chief Comes Out

Continued from Page One

Ianita Johnson—Constitution earlier this year, Mr. Cathy said his candor had paid off, and said he wouldn't speak out further—though, he added, his beliefs haven't changed.

Openly gay executives are still rare, even as companies have ramped up their recruitment of employees who are gay or transgender, and offer expanded benefits for same-sex spouses. Mr. Cook is believed to be the only openly gay CEO among the Fortune 500 list of top U.S. companies.

Mr. Cook, 53 years old, said he didn't come out before because he strove for success, not equality, but decided to do so now because he felt it might help others.

"I don't consider myself an activist, but I realize how much I've benefited from the sacrifice of others," he wrote in an essay in Bloomberg Businessweek. "So if hearing that the CEO of Apple is gay can help someone else come out to come to terms with who he or she is, or bring comfort to anyone who feels alone, or inspire people to insist on their equality, then it's worth the trade-off with my own privacy."

For CEO of any major company, making a big personal statement is something boards must manage very carefully. Apple is very much at the whim of consumers, and the reaction among the company's business partners abroad shouldn't be easily dis-



Apple's Tim Cook, shown last month, said Thursday he is "proud to be gay."

missed. Though he said many Apple colleagues knew he was gay, Mr. Cook waited until board before telling the essay.

Executives who are openly gay praised Mr. Cook's decision to come out, but some cautioned that a flood of pronouncements from other CEOs is unlikely.

Whispers about Mr. Cook's sexuality implied that it was gay, to come to a solution, he said. Mr. Altman, the president of the startup incubator Y Combinator. Going public "removes the shame and the message that [sexuality] needs to be hidden," he said.

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WORLD NEWS

Kiev, Moscow Reach Deal on Gas Dispute

Agreement Keeps Taps Open to Ukraine Until March, Staves Off Threat of Energy Shortages Across Europe This Winter

By VANESSA MOCK
AND LAURENCE NORMAN

BRUSSELS—Ukraine and Russia resolved their natural-gas feud with a deal that averted the threat of gas shortages in Europe this winter.

The deal was sealed after months of intense negotiations brokered by the European Union, which relies on Russia for more than a third of its gas imports, half of which is sent through Ukraine. Unless Ukraine paid for its gas supplies up-front, Russia had said it wouldn't reopen taps it shut off in June, a move that threatened to leave many cities in Ukraine and parts of Europe without enough heat this winter.

Officials said they hoped the breakthrough would herald a broader thaw in relations between Moscow and Kiev.

"These were tough but very productive negotiations," said the European Energy Commissioner, Gunther Oettinger, who mediated the talks. "It is also a contribution to the de-escalation between Russia and Ukraine."

Under terms agreed to on Thursday, Ukraine will guarantee payment of \$1.3 billion in exchange for gas deliveries starting in March. It will pay \$3.1 billion to settle some of its debts to Russian gas monopoly OAO *Gazprom*, as well as making an additional up-front payment of \$1 billion for deliveries of gas for November.

Russian Energy Minister Alexander Novak said one of the compromises made by Moscow included lowering the price it had originally demanded by \$100 per thousand cubic meters. Kiev will now pay \$385 per thousand cubic meters for gas that comes up until January and \$365 per thousand cubic meters between January and March.

Gazprom said it hoped the agreement would mark "the start of a new, more constructive chapter in gas relations among the EU, Russia and Ukraine."



Russian Energy Minister Alexander Novak, left, seals the deal with his Ukrainian counterpart, Yuri Prodan, right, in Brussels on Thursday.

Ukraine Economy Shrinks Despite Military Spending

MOSCOW—Ukraine's economy continued its rapid slide in the third quarter despite substantial military spending on its conflict with Russia, government data showed.

The country's gross domestic product fell by 5.1% from the year-earlier period, as the Ukrainian currency—the hryvnia—and industrial production defined amid strife in the eastern and industrialized region of Donbas.

There the government forces have fought pro-Russian separatists since early spring, a war that has claimed thousands of lives. The sides agreed on a cease-fire in early September.

The economy shrank 4.7% in the second quarter and by 11% in the first, the statistics service said Thursday, as government spending on the military failed to mitigate the overall decline.

Despite the acceleration of the pace of decline, it was narrower than expected in the third quarter, suggesting a respite in the economic decline.

Macroeconomic indicators published more frequently than each quarter suggested some stabilization in the macro, as the conflict in Donbas moved to a different stage, "from a conflict to a political fight," said Timo Ach, an analyst at Standard Bank in London, referring to eastern Ukraine. He said the full-year decline in GDP may be smaller than the 10% fall Kiev expected.

The statistics service didn't provide a breakdown of the sectors, but it said government spending likely constituted a sizable part of the economic outturn.

"The second quarter showed the only thing growing in Ukraine was the military spending paid from the budget. I am certain this is also the case in the third quarter," said Olexander Petrov, an analyst at Nomura bank.

Alexander Kolyandr

The current dispute was triggered after Russia nearly doubled Ukraine's gas price in April to \$385 per thousand cubic meters, the couter of Ukraine's previous gas agreement. *Gazprom* cut off deliveries to Ukraine over the summer because of the size of Kiev's overdue gas bills, raising fears of a repeat of similar disputes in 2006 and 2009, which led to gas shortages in Ukraine and sent gas prices up 10%.

Russian gas accounted for 39% of EU's natural-gas imports last year, with around half of those supplies transiting through Ukraine.

The agreement marks a coup for Mr. Barroso, who had been left office at the end of the year and who fought hard for months to broker a deal ahead of the winter. His colleague, European Commission President Jose Manuel Barroso, also leaned heavily on Kiev late on Wednesday, calling Prime Minister Jean-Claude Juncker, who has had warm relations with

"This is an important step for our shared energy security in Europe," Mr. Barroso said. "There is no reason for people in Europe to stay cold this winter."

The short-term gas deal underscores the close economic

Russian President Vladimir Putin in the past.

The agreement, though, comes in the same week that the EU decided to keep in place its gas sanctions against Russia. The EU also has concerns within the bloc about Russia's intention to recognize parliamentary elections taking place in separatist-held regions of eastern Ukraine.

Kiev's lack of money to pay for gas emerged as the key hurdle to a deal being struck. Officials said Ukraine would now be able to make up the shortfall through a variety of sources.

Ukraine's state energy company, Naftogaz, will pay its \$3.1 billion debt to *Gazprom* with money it has already received from the International Monetary Fund.

The debt payment will come from a special fund managed by Naftogaz, under Ukraine's IMF program.

Mr. Oettinger said the addi-

tional funds for gas payments in coming months would come from Naftogaz's own revenue, money coming due to Ukraine under its IMF program, and its deals with the European Commission.

Mr. Oettinger stressed that the EU wouldn't provide any specific financial guarantee. He said, however, that the commission was working on a new package of loans to Kiev, which would come on top of €760 million (\$808 million) it will receive by the end of the year.

Ukraine asked the EU early this month for an additional €2 billion for the new package, although many Brussels officials say that figure is unrealistically high. Ukraine is also due to receive \$500 million from the World Bank by December, and officials confirmed that Kiev would be able to channel some of the aid it has already received from the IMF into gas payments if needed.

U.S. Sanctions Against Russia Bite Putin's 'Personal Banker'

By PHILIP SHISHKIN

WASHINGTON—The Western effort to freeze Kremlin-connected assets has cost what the U.S. Treasury describes as Russian President Vladimir Putin's favored bank nearly \$21 million, according to a new U.S. corporate disclosure.

The bank received dividends related to Bank Rossiya's indirect investment in a U.S.-listed company. The freeze, disclosed Wednesday, is one of the few publicly known cases of sanctions imposed in the wake of the Ukraine crisis biting Mr. Putin's inner circle.

After Russia intervened in Ukraine earlier this year, annexing Crimea, the U.S. Treasury targeted some wealthy businessmen—men who had known Mr. Putin for years—and their companies with financial sanctions as a way of exerting pressure on the Kremlin.

Among those targeted in March were Bank Rossiya and its largest shareholder, Yuri Kovalchuk, whom the Treasury called "the personal banker for senior officials of the Russian Federation, including [Mr.] Putin." They were subject to have their U.S. holdings frozen and transactions with U.S. entities blocked.

At the time, Mr. Putin said he



A 2011 photo shows Bank Rossiya shareholder Yuri Kovalchuk.

in American banks.

Still, Bank Rossiya maintained a U.S. connection through its control of a Cyprus-registered firm called Telcrest Investments Ltd., which holds about a quarter of the shares of Telcrest Inc., which is based in Moscow, Russia, listed on the Nasdaq Stock Market in New York. It operates three television channels in Russia.

In its third-quarter earnings statement, filed Wednesday, CTC Media, the U.S. parent of Telcrest, which it said "owns" the firm, in "other non-current assets," which it said represented "dividends to one of its stockholders that were blocked pursuant to

reservestives couldn't be located to comment. Attempts to contact Mr. Kovalchuk through the bank were also unanswered.

Mr. Kovalchuk said in a rare television interview last spring that the U.S. sanctions had "affected him personally." U.S. officials confirm the Treasury has found Russian assets to freeze in the U.S., but declined to discuss the identities of the targets.

While the amount of money might be small for a bank with \$8 billion in assets, the freeze carries significant significance, providing a rare public ellipse to the sanctions envi-

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Iconoclastic International Fund

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Dr. N V Sunderland	AlloTrust, Zurich, Switzerland
Mr Richard Kayne	Arco Associates LP, Los Angeles, USA
David George Howdow Jr	Dunavant Asia Ltd. Hong Kong
Fr. G Gerardy	Diocese of Wanhsien, China

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Russian Energy Minister Alexander Novak, left, seals the deal with his Ukrainian counterpart, Yuri Prodan, right, in Brussels on Thursday.

The current dispute was triggered after Russia nearly doubled Ukraine's gas price in April following the ouster of Ukraine's pro-Kremlin government. Gazprom cited its determination to keep its gas prices high as a consumer because of the size of Kiev's overdue gas bills, raising fears of a repeat of similar disputes in 2006 and 2009, which led to gas shortages in Ukraine and several other countries.

Russian gas accounted for 30% of Ukraine's gas imports last year, with around half of those supplies transiting through Ukraine. The agreement marks a coup for Mr. Oettinger, who is due to leave office at the end of the year. He has been pushing for months to broker a deal ahead of the winter. His colleague, European Commission President José Manuel Barroso, also leaned heavily on Kiev late on Wednesday, calling President Petro Poroshenko several times.

"This is an important step for our shared energy security in Europe," Mr. Barroso said. "There is no reason for people in Europe to stay cold this winter."

The short-term gas deal underscores the close economic

The EU relies on Russia for more than a third of its gas imports, much of it piped through Ukraine.

ties that bind Europe, Russia and the rest of the world in the conflict in Ukraine. It comes on the eve of a new European Commission team takes office this weekend under former Luxembourg Prime Minister Jean-Claude Juncker, who has had warm relations with

Russian President Vladimir Putin in the past.

The agreement, though, comes in the same week that the commission decided to keep up its current sanctions regime against Russia. There are also growing concerns within the bloc about Russia's intention to recognize parliamentary elections taking place in separatist-held regions of eastern Ukraine.

Mr. Oettinger is expected to go to the deal during talks. Officials said Ukraine would now be able to make up the shortfall through a variety of sources.

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Macroeconomic indicators published more frequently than a month quarter suggested some stabilization in the macro, as the conflict in Donbas moved to a different, lower-intensity, said Timothy Ash, an analyst at Standard Bank in London, referring to eastern Ukraine. He said the full-year decline of 0.6% was "certainly" less than the 10% fall Kew expected.

The statistics service didn't provide a breakdown of the sectors, but economists say military spending likely constituted a sizable part of the economic output.

"The second quarter showed the economy growing in Ukraine via the military outlays paid from the budget. I am certain this is also the case in the third quarter," said Dmitri Petrov, an analyst at Nomura bank.

—Alexander Kolyandr

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The money involved dividends related to Bank Rossiya's indirect investment in a U.S.-listed company. The freeze, disclosed Wednesday, is one of few publicly known cases of sanctions imposed in the wake of the Ukraine crisis biting Mr. Putin's inner circle.

After Russia intervened in Ukraine earlier this year, annexing Crimea, the U.S. Treasury targeted several wealthy businessmen—men who had known Mr. Putin for years—and their companies with financial sanctions as a way of exerting pressure on the Kremlin.

Among those targeted in March were Bank Rossiya and its largest shareholder, Yuri Kovalchuk, whom the Treasury called "the personal banker for senior officials of the Russian Federation including [Mr.] Putin." They were subject to having their U.S. holdings frozen and transferred with U.S. entities blocked.

At the time, Mr. Putin said he didn't have an account in the bank but that he would open one in solidarity and have his government salary deposited there. Mr. Kovalchuk later credited the president's gesture with helping the freeze.

Bank Rossiya said at the time that the U.S. sanctions had no "material influence" on its operations, but that it nonetheless decided to work exclusively on the Russian market and shut down its correspondent accounts



A 2011 photo shows Bank Rossiya shareholder Yuri Kovalchuk.

In American banks. Still, Bank Rossiya maintained a U.S. connection through its control of a Cyprus-registered firm called Telcrest Investments Ltd, which holds about a quarter of the shares in CTC Media Inc., which is based in Moscow but listed on Nasdaq Stock Market in New York. It operates three television channels in Russia.

In its third-quarter earnings

statement, filed Wednesday, CTC reported a \$20.8 million increase in "other non-current assets," which it said reflected its stake in one of its stockholders that were blocked pursuant to U.S. sanctions imposed on Bank Rossiya.

A CTIC spokesman said that the stockholder in question is Telcrest, and that the frozen funds were placed in a special account after an internal compliance committee deemed the payment of dividends would contravene U.S. sanctions.

A spokeswoman for Bank Rossiya did not respond to requests to comment. Telcrest rep-

resentatives couldn't be located to comment. Attempts to contact Mr. Kovalchuk through the bank were unanswered.

Mr. Kovalchuk said in a rare television interview last spring that the U.S. sanctions had "no effect" on him personally. U.S. officials who confirm the Treasury has found Russian assets to freeze in the U.S. but declined to discuss the identities of the targets.

While the amount of money might be small for a bank with over \$10 billion in assets, the securities' symbolic significance, providing a rare public glimpse into the sanctions enforcement.

Last month, Italian authorities seized several properties owned by Arkady Rotenberg, another influential Russian businessman and a former judo wrestling partner of Mr. Putin.

In an interview with a Russian news agency, Mr. Rotenberg, whose companies benefited from contracts with OAO Gazprom and the Sochi Olympics, called the situation "illegitimate and absurd."

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Fr. G Gerardy	Dicocese of Wanhien, China
Guillamo, Pascole & Eric	Noumea, New Caledonia
Mr John Wharton	Rockville, Maryland, USA
Mr Pierre Emmanuel Scherer	Lactuel Limited, Luxembourg
Mr William Shenkman	St Helier, Channel Islands

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Spain Criticizes Catalonia's New Vote Plan

By MATT MOFFETT

MADRID—When Catalonia's government bowed to legal pressure and canceled a nonbinding referendum on independence in October, Spanish Prime Minister Mariano Rajoy declared victory and said he was willing to discuss the grievances of the wealthy region.

But now tensions between Madrid and Barcelona are flaring again as Mr. Rajoy lays the groundwork for a possible legal challenge to the symbolic vote that Catalonia is planning on Nov. 9 as a substitute.

On Thursday, the Council of State, the central government's highest advisory body, recommended suing again to block the substitute vote. Shortly thereafter, Mr. Rajoy assailed it as a "pseudo-referendum" and said his government would discuss its next step at Friday's regular cabinet meeting.

Catalan leader Artur Mas said he was "surprised" but "surprised" by the Council of State's finding but intended to go ahead with the substitute vote for now.

WORLD NEWS

After Gaza, Tensions Shift to Jerusalem

Violence Escalates; Police Shoot and Kill a Palestinian Accused of Trying to Assassinate a Right-Wing Israeli Activist

By NICHOLAS CASEY
AND JOSHUA MITICK

JERUSALEM—Israel is careening into a new crisis on the heels of the Gaza war—an escalation of violence in East Jerusalem that, in the last 14 years, has led to a decade that could pit U.S. allies against each other over Jewish settlements and holy sites.

On Thursday, Israel completely shut one of Islam's holiest sites in the Old City for the first time in 14 years. The last time, in 2000, a similar outburst to the site known to Jews as the Temple Mount and to Muslims as Haram al-Sharif, or Noble Sanctuary, was at the start of a Palestinian uprising in 2000.

A spokesman for Palestinian Authority President Mahmoud Abbas called the closure a "declaration of war" on Arabs and Muslims. Israel said it would reopen it on Friday, allowing access again to the Dome of the Rock shrine and Al Aqsa mosque on the hilltop, which sit directly above the Western Wall, Judaism's holiest site.

Tensions in the city have been simmering since July, when the war in Gaza began. Protests and clashes have left several dead. Over the past week, however, the strains have worsened.

In a dawn fire fight in East Jerusalem on Thursday, Israeli police say they killed Palestinian Muataz Hijazi after he opened fire on them. Israel alleged that Mr. Hijazi had tried to kill Yehuda Glick, a right-wing Jewish activist, on Friday, the night before in a drive-by shooting. Mr. Glick was seriously wounded in the attack.

The Israeli activist has been campaigning for Jews to have the right to pray on the mount where their ancient temple once stood.

Jerusalem has been a perennial site of unrest, but the latest wave of troubles comes at a precarious time when peace negotiations between Israel and the Palestinian Authority have collapsed. In the absence of a



Right-wing Israeli activists confront a security officer near the Western Wall in Jerusalem on Thursday, as clashes spread through the city.

peace process, Israel and the Islamist Hamas rulers of Gaza fought a 50-day war over the summer, the longest conflict Israel had seen in a decade.

The strife in Jerusalem also comes as the U.S. is trying to end its military alliance and against radical Islamists. In Syria and Iraq, most Arab leaders, fearing Islamic extremists in their own countries, muted their criticism of the war against Hamas. But in the case of Jerusalem and its holy sites, Israel's partners are seen to be the same force.

Jordan, a key ally to both the U.S. and Israel, threw cold water onto an event Sunday marking the 20th anniversary of its treaty with Israel. Its ambassador to Israel said announced

months of more construction of Jewish housing in disputed areas and calls for changes to the status of the Temple Mount could "ultimately imperil the treaty."

Saudi Arabia joined the criticism of Israel's actions and called this week for an emergency session of the United Nations Security Council, where it controls a seat, to investigate Israel.

"We are hearing words from Jordan that we haven't heard before," said an Israeli official. "It is a very important statement. It is also a statement that is also straining Israel's relations with the U.S. Anger in Washington is rising over announcements about Jewish construction plans in disputed areas in the wake of the war with Hamas, including one this week

for 1,000 new housing units. After the announcement, anonymous White House officials were quoted by the Atlantic magazine as airing insults that included an explosive against Israeli Prime Minister Benjamin Netanyahu.

Dore Gold, an adviser to Mr. Netanyahu, played down the recent rioting as the work of Hamas and not popular unrest. But he criticized the White House remarks as an attack not just on Mr. Netanyahu but all of Israel's partners, including Meir to Yitzhak Rabin who insisted on keeping Jerusalem united to people of all faiths."

The conflicts in Jerusalem and Gaza were triggered by the same events. In the weeks leading up to the unrest, three Is-

raeli teenagers were killed in the West Bank and Israel blamed Hamas. In a revenge killing, Jewish extremists killed a 17-year-old Palestinian from East Jerusalem, beating him and burning him alive.

The city has been in turmoil since rioting raged in Arab neighborhoods, a group of settlers moved into homes clandestinely purchased from Arab owners in an area called Silwan on Oct. 19, doubling the settler population there. Days later, a Palestinian man driving a car that fired back with tear-gas canisters. A helicopter circled above the smoke overhead, looking for rock throwers. An angry policeman ripped down a mourning poster with Mr. Hijazi's picture.

site in his vehicle.

Sellers in the Arab side of the Old City closed their stores as part of a strike to protest the closure of the site holy to Jews, Muslims and Christians.

By afternoon, a procession of Palestinians emerged from the Duman gate chanting "God is great."

The streets in Abu Tor, the Jerusalem neighborhood where Mr. Hijazi was killed, turned into a battle zone as youths burned trash cans and threw stones at police. A car that fired back with tear-gas canisters. A helicopter circled above the smoke overhead, looking for rock throwers. An angry policeman ripped down a mourning poster with Mr. Hijazi's picture.

Turkish Influence in Middle East Ebbs

By YAROSLAV TROFIMOV

ISTANBUL—Not so long ago, a confident Turkey behaved as a natural leader of the Middle East, with friendly Islamist regimes mushrooming amid the rubble of the Arab Spring and its leader, Recep Tayyip Erdogan, making headlines by adulating crowds whenever he stepped on Arab soil.

Now, just when the U.S.'s ANALYSIS needs Turkey's help most against the surge of Islamic State in Iraq, Syria and beyond, Ankara's regional influence has sunk to a low point.

Ambitious policies that overestimated the pull of political Islam—and misjudged the resilience of the Middle East's old political order—helped isolated Turkey from much of the region. With the exception of Iraqi Kurds, hardly any government in the Middle East is on good terms with Ankara nowadays.

"We came from a policy of having zero influence on our neighbors, and now we're having problems with almost everyone," said Umit Pamir, a retired diplomat who served as Turkey's ambassador to the United Nations, the North Atlantic Treaty Organization, and Greece.

Turkey's relations with regional powerhouses Egypt and Israel are so bad that Ankara doesn't have ambassadors in either country. Its insistence



President Erdogan attends a celebration of the Turkish Republic's 85th anniversary in Ankara on Wednesday.

Iraqi Kurdish Forces Start Entering Syria

SURUC, Turkey—The first dozen of 160 Iraqi Kurdish fighters crossed into the besieged Syrian city of Kobani from Turkey, as Islamic State fighters still waited in a compound guarded by Turkish security forces in the border village of Mursitpinar.

"The ones who crossed are spearheads of the operation," said Izzat Nassir, official of the Kurdish administration of Kobani.

The deployment—the first by a Western-backed foreign force since

cluding artillery and antitank hardware. Most of the Peshmerga arriving to help fight the jihadists were still waiting in a compound guarded by Turkish security forces in the border village of Mursitpinar.

Massoud Barzani, president of the Kurdish Regional Government, said he had initially offered Syrian Kurds a larger force but they had declined. He pledged to send additional forces if needed.

The deployment—the first by a Western-backed foreign force since

after delays caused by political wrangling, Syrian and Iraqi Kurds disagreed over the size and the parameters of the Peshmerga's mission, say Kurdish officials.

Massoud Barzani, president of the Kurdish Regional Government, said he had initially offered Syrian Kurds a larger force but they had declined. He pledged to send additional forces if needed.

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Authorities in Anbar Find 200 Dead Sunnis

By MATT BRADLEY
AND SAFA MAJED

RAMADI, Iraq—Authorities in Iraq's embattled western province of Anbar discovered the bodies of more than 200 Sunni tribal fighters on Thursday, most of whom are believed to have been captured and killed by Islamic State insurgents during fighting in October.

The finds come a day after Islamic State fighters paraded more than 40 fighters from the same Albu Nimr tribe who had been fighting Islamic State militants through the Anbar town of Hit before shooting them execution-style in front of residents.

Taken together, the multiple massacres of pro-government tribal fighters throughout Anbar province—the focus of much of the fight against Islamic State throughout the past month—are likely to frustrate the Iraqi government's efforts to persuade Sunnis to join its fight against the insurgents.

As news of the grisly discoveries spread on Thursday afternoon, tribal leaders from the area around Hit were soon blamng Baghdad for the fighters' deaths, accusing the Shiite-dominated Iraqi government of ignoring the Sunnis' plea for more Sunnis and reinforcements.

"Islamic State killed 250 people from the Albu Nimr tribe because

Islamic State's predecessor, during the U.S. troop surge nearly 10 years ago.

After the withdrawal of U.S. troops at the end of 2011, the government, led by Prime Minister Nouri al-Maliki, targeted the Anbar升 council with suspicion. Payments stopped, and tens of thousands of young Sunnis were arrested on suspicion of terrorism.

Newly elected Prime Minister Haider al-Abadi also has Shiiitism that the government will back them if they stand with Baghdad against Islamic State.

But since the summer, tribal fighters, most of them Sunnis, the militants of Islamic State have taken the bulk of the fight against Islamic State in Anbar, as Iraq's military has fallen back to a mostly limited support role.

For months, the Albu Nimr tribe held out against the insurgents in Hit, while the Al Jabeah tribe defended the town of Haditha, north of Baghdad, where the strategically crucial Haditha Dam is located.

But lacking ammunition and reinforcements, the Albu Nimr fighters were eventually exhausted, said Hit residents who didn't want their names used.

"They were fighting for their sons, for their families," said a local resident. "The Sunnis fighters' plea for more Sunnis and reinforce-

2000.

A spokesman for Palestinian Authority President Mahmoud Abbas called the closure a "declaration of war" on Arabs and Muslims. Israel said it would reopen it on Friday, allowing access again to the Dome of the Rock shrine and Al Aqsa mosque, the third holiest site directly above the Western Wall, Judaism's holy sites.

Tensions in the city have been simmering since July, when the war in Gaza began. Protests and clashes have left several dead. Over the past week, however, the strains have worsened.

In a dawn fire fight in East Jerusalem on Thursday, Israeli police say they killed Palestinian Muataz Hijazi after he opened fire on them. Israel alleged that Hijazi had tried to kill Yehuda Glick, a right-wing Jewish activist and rabbi, the night before in a drive-by shooting. Mr. Glick was seriously wounded in the attack.

The Israeli activist has been campaigning for Jews to have the right to pray on the mount where their ancient temple once stood.

Jerusalem has been a perennial site of unrest, but the latest wave of troubles comes at a precarious time when peace negotiations between Israel and the Palestinian Authority have collapsed. In the absence of a



Right-wing Israeli activists confront a security officer near the Western Wall in Jerusalem on Thursday, as clashes spread through the city.

peace process, Israel and the Islamist Hamas rulers of Gaza fought a 50-day war over the summer, the longest conflict Israel had seen in a decade.

The strife in Jerusalem also comes as the U.S. is trying to unite its region in a fight against radical Islamists in Syria and Iraq. Most Arab leaders, fearing Islamic extremists in their own countries, muted their criticism of the war against Hamas. But in the case of Jerusalem, its holy sites, Israel is unlikely to see the same forbearance.

Jordan, a key ally to both the U.S. and Israel, threw cold water on an event Sunday marking the 20th anniversary of its treaty with Israel. Its ambassador to Israel said announce-

ments of more construction of Jewish housing in disputed areas and calls for changes to the status of the Temple Mount could "ultimately imperil the treaty."

Saudi Arabia joined the criticism of Israel as Jordan called this week for an emergency session of the United Nations Security Council, where it controls a seat, to investigate Israel.

"We are hearing words from Jordan that we haven't heard before," said an official.

The situation in East Jerusalem is also straining Israel's relations with the U.S. Anger in Washington is rising over announcements about Jewish construction plans in disputed areas in the wake of the war with Hamas, including one this week

for 1,000 new homes units. After the announcement, anonymous White House officials were quoted by the Atlantic magazine airing insults that included an expletive against Israeli Prime Minister Benjamin Netanyahu.

Dore Gold, an adviser to Mr. Netanyahu, played down the recent rioting as the work of Hamas and not popular unrest.

But he criticized the White House remarks as an attack not just on Mr. Netanyahu but all prime ministers from the same Meir to Yitzhak Rabin who insisted on keeping Jerusalem united to people of all faiths.

The conflicts in Jerusalem and Gaza were triggered by the same events. In the weeks leading up to the unrest, three Is-

raeli teenagers were killed in the West Bank and Israel blamed Hamas. In a revenge killing, Jewish extremists killed a 17-year-old Palestinian from East Jerusalem, beating him and burning him alive.

The city has been in turmoil since last week. In Arab neighborhoods, a group of settlers moved into homes clandestinely purchased from Arab owners in an area called Silwan on Oct. 19, doubling the settler presence there. Days later, a Palestinian from the same neighborhood rammed his car into a crowded light-rail station, killing an infant and fatally injuring a 22-year-old Ecuadorian who planned to convert to Judaism. The man was shot dead as he fled the

site in his vehicle.

Sellers in the Arab side of the Old City closed their stores as part of a strike to protest the closure of the site holy to Jews, Muslims and Christians.

By afternoon, a procession of Palestinian emerged from the Druze gate chanting "God is great."

The streets in Abu Tor, the Jerusalem neighborhood where Mr. Hijazi was killed, turned into a battle zone as youth burned trash cans and threw rocks at police clad in riot gear, who fired tear-gas canisters. A hoisted banner above the smoke overhead, looking for rock throwers. An angry policeman ripped down a mourning poster with Mr. Hijazi's picture.

—Anna Molt

Turkish Influence in Middle East Ebbs

By YAROSLAV TROFIMOV

ISTANBUL—Not so long ago, a confident Turkey behaved as a natural leader of the Middle East, with friendly Islamist regimes mushrooming amid the rubble of the Arab Spring and its leader, Recep Tayyip Erdogan, molding by abdulating authority whenever he stepped on Arab soil.

Now, just when the U.S. needs Turkey's help most against the surge of Islamic State in Iraq, Syria and beyond, Ankara's regional influence has sunk to a low point.

Ambitious policies that overestimate the pull of political Islam—and misjudged the resilience of the Middle East's old political order—have alienated Turkey from the region. With the exception of Iraqi Kurds, hardly any government in the Middle East is on good terms with Ankara nowadays.

"We came from a policy of having zero problems with our neighbors, and now we're having problems with almost everyone," said Umit Pamir, a retired diplomat who served as Turkey's ambassador to the United Nations, the North Atlantic Treaty Organization, and Greece.

Turkey's relations with regional powerhouses Egypt and Israel are so bad that Ankara doesn't have ambassadors in either country. Its insistence on regional change in Syria means little to its Arab neighbors. The Shiite-led government in Baghdad is wary of Turkey's reach into Iraqi Kurdistan, while Saudi Arabia and other Gulf monarchies are upset with Turkey's support for the Muslim Brotherhood's designs on the region. Even maverick Qatar, which sought to further Turkey's foreign policy ambitions, has moved closer to the rest of the Gulf.

Instead of becoming a leader showing the Middle East the way to democracy and prosperity, Turkey is flailing, trying to cope with the spillover of the region's problems—from Islamist militancy to sectarian strife to deadly street violence.

Turkish officials stress that they have taken in some two million Syrian refugees at a cost of \$10 billion. They argue the massacres perpetrated by Syrian President Bashar al-Assad—coupled with Western unwillingness to act



President Erdogan attends a celebration of the Turkish Republic's 85th anniversary in Ankara on Wednesday.

Iraqi Kurdish Forces Start Entering Syria

SURUC, Turkey—The first front of some 160 Iraqi Kurdish fighters crossed into the besieged Syrian city of Kobani from Turkey, as Islamic State fighters shelled the town in an apparent effort to keep them away.

Two Syrian Kurdish officials said the first deployment on Thursday consisted of technical experts who would assess where to position the Peshmerga fighters and their heavy weaponry, in-

cluding artillery and antitank hardware. Most of the Peshmerga arriving to help fight the jihadsts were still waiting in a compound guarded by Turkish security forces in the border village of Mursitpinar, which has been a key supply point for the Kurds.

"We are here to assess the security situation," said Ires Nasrullah, official of the Kurdish administration of Koban.

The deployment—the first by a Western-backed foreign force since the beginning of Syria's war—comes

after delays caused by political wrangling. Syrian and Iraqi Kurds disagreed over the size and the parameters of the Peshmerga's mission, say Kurdish officials.

Massoud Barzani, president of the Kurdistan Regional Government in northern Iraq, said he had initially offered Syrian Kurds a larger force but they had declined. He pledged to send additional forces if needed.

—Ayla Albayrak

against her—have fueled the rise of Islamic State and have forced Turkey to press for regime change in Damascus.

But Mr. Erdogan's risky bet on a quick downfall of the Syrian regime has left Ankara with limited options. What Mr. Assad has proved resilient, Turkey is increasingly at odds with the U.S. as it builds a coalition to tackle Islamic State instead—a project that includes helping Kurdish factions less seen as foes by Turkey.

"Actually, Turkey's foreign policy has been noninterventionist, cautious, quasi-oriented. Adopting a policy of regime change vis-à-vis one of its neighbors—that was a sudden departure," said a former Turkish diplomat who is now a visiting scholar at Carnegie Europe and runs the Edam think tank in Istanbul.

Turkey's shrinking regional clout was reflected in its failure to win a United Nations Security Council seat this summer. While Turkey sailed into the Security Council with 10 votes from its 195 members, the tiny neighbor's influence was negligible. The victory of Prime Minister Ahmet Davutoglu—it came only 60 votes and was trounced by Spain, in part because of lobbying by Egypt and Saudi Arabia.

There are no indications, so far, that Turkey is rethinking its regional approach. "What kind of mistakes are we suddenly expected to confess? Turkey's mistake is that it is a democracy, if it is a mistake. Turkey's mistake is that it respects human rights, if it is a mistake," said Yilmaz Gokbulut, a professor of political science at United Arab Emirates University.

"Turkey was a model of sorts for a while, but the years after the Arab Spring have completely shattered that image," said Gokbulut. "Turkey's image of itself as a leader in the region is very dangerous."

Compounding the damage to Turkey's influence is the fact that its own democracy is that it is an open society, if it is a democracy. The crack-down on demonstrators in Istanbul's Gezi Park in 2013, moves to censor the Internet, and Mr. Erdogan's insistence on his party's associates from corruption investigations have all dented Turkey's image in the region.

"Turkey was a model of sorts for a while, but the years after the Arab Spring have completely shattered that image," said Gokbulut. "Turkey's image of itself as a leader in the region is very dangerous."

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tion, we told Islamic State, "We will let you into the city but you have to promise that you won't hurt us," said one resident. "Islamic State seized the city, but after a while they started arresting anyone they suspected had been opposed to Islamic State. They subjected us to Islamic courts and the courts' verdict was to shoot them dead."

An Islamic State fighter in the town of Haditha corroborated the account of Islamic courts trying fighters who had surrendered. The fighter, who declined to reveal his identity, said he expected more such executions as the ad hoc trials continue.

Authorities in Anbar Find 200 Dead Sunnis

BY MATT BRADLEY
AND SAFA MAJEED

BAGHDAD—Authorities in Iraq's embattled western province of Anbar discovered the bodies of more than 200 Sunnis tribal fighters on Thursday, most of whom are believed to have been captured and killed by Islamic State insurgents during fighting in October.

The massacre comes a day after Islamic State fighters killed more than 40 fighters from the same Abu Albu Nimir tribe who had been fighting Islamic State militants through the Anbar town of Hit before shooting them execution-style in front of residents.

Taken together, the multiple massacres could add to a death toll throughout Anbar province—the focus of much of the fight against Islamic State throughout the past month—are likely to frustrate the Iraqi government's efforts to persuade Sunnis tribes to join Baghdad's fight against the insurgents.

Taken together, the multiple massacres could add to a death toll throughout Anbar province—the focus of much of the fight against Islamic State throughout the past month—are likely to frustrate the Iraqi government's efforts to persuade Sunnis tribes to join Baghdad's fight against the insurgents.

"Islamic State killed 250 people from Abu Albu Nimir tribe because of the government's callousness and ignoring the tribe's request for weapons that they had prepared themselves," said Ghazi Faisal Al-Katib, a member of parliament and a leader in the Abu Nimir tribe.

Since Islamic State seized much of northern and western Iraq this summer, Iraqi military and tribal leaders, along with Western diplomats, have made strenuous efforts to court tribal leaders in the mostly Sunni regions Islamic State occupies.

Islamic State cowed Iraq's military with its aggressive blitz in June, and since then Iraq government forces have almost no battles against the insurgents group without the help of U.S. airstrikes or irregular forces such as Shiite militia groups or Sunni tribes.

The Abu Nimir are among dozens of sprawling Sunni families that had hoped to renegociate the so-called Awakening of tribal fighters the U.S. enlisted and paid to fight al Qaeda, Is-

lamic State's predecessor, during the U.S. troop surge nearly 10 years ago.

After the withdrawal of U.S. troops at the end of 2011, the government of former Prime Minister Nouri al-Maliki treated the Awakening councils with suspicion. Payments stopped, and tens of thousands of young Sunnis were arrested on suspicion of terrorism.

Newly elected Prime Minister Haider al-Abadi, also a Shiite, has sought to repair the Sumnis' trust that the government will back them if they stand with Baghdad against Islamic State.

But since the summer, tribal fighters, most of them Sunnis like the militants of Islamic State, have taken on the bulk of the fight against Islamic State, as Iraq's military has fallen back to a mostly limited support role.

For months, the Abu Nimir tribe held out against the insurgents in Hit, while the Al Jaghail tribe defended the town of Ramadi, a strategically crucial

But lacking ammunition and reinforcements, the Abu Nimir fighters were eventually exhausted, said Hit residents who didn't want their names used. "The fighters are the last of the fighters," said one. "The Sunnis in Hit agreed to surrender if Islamic State would spare their lives. But the insurgents soon went back on their word."

"When we ran out of ammu-

After surrendering, the fighters in Hit were tried and shot.

WORLD NEWS

West Woos Fiji After China Gains

By LUCY CRAYMER

SUVA, Fiji—Western nations are moving to rebuild relations with Fiji, considered the economic and political hub of the South Pacific, even as another regional power has claimed a bigger role.

The U.S. told The Wall Street Journal on Thursday it was lifting sanctions it placed on Fiji after a military coup in 2006 and indicated it would look at ways to work with Fiji's military again. The move comes after Fiji held democratic elections in September, the first since a coup by New Zealand and Australia.

When the West scaled back direct government funding eight years ago after the coup overthrew Fiji's elected government, Asia's biggest economy stepped up to fill the void.

China bankrolled several sports complexes and surprised a \$158 million hydroelectric-power project after the World Bank put funding on hold. Chinese loans allowed Fiji to keep investing in infrastructure and other projects even as Western government money dried up.

Now, Fiji's traditional backers are eager to re-engage, said Maya Schmaljohann, a researcher at the U.K.'s Overseas Development Institute.

"Sanctions were designed to push Fiji back into democracy, but what they actually did was provide room for China to increase its presence in the Asia-

Pacific region," she said.

Paul Buchanan, co-founder of South Pacific analyst group 36th Parallel, said the elections had given the U.S. "the formal green light" to drop sanctions, but that "matters as principles" had been involved in the decision, despite the lack of "any real democratic gains."

"Anybody who goes to Fiji or

for that matter to Tonga or Samoa can see Chinese influence all over the islands," he said.

Despite Fiji's small size, it has aimed for a more visible global presence: It headed the Group of 77 developing countries in 2012 and is a member of the overseas peace-keeper operations.

A U.S. State Department spokeswoman said in an email that the sanctions were lifted because of Fiji's return to democracy and that the U.S. isn't worried about China's growing influence.

The United States and other Pacific nations benefit from good relations and increased cooperation with China.

The Fiji government didn't respond to requests to comment.

Analysts have described the Chinese influence as a "natural engagement and 'rebalancing'" toward the Asia-Pacific as part of a wider contest with China for influence over the region. Beijing has sometimes called it a U.S. effort to contain the Chinese rise.

Huang Yong, the Chinese ambassador to Fiji, said in an email that the China-Fiji relationship is in line with the interests of both

countries.

Fijians voting on Sept. 17 in Fiji's first election since a coup in 2006.

Deity Presides Over Protest

In Hong Kong, a Chinese Icon Transcends Street Battles Over Democracy

By NED LEVIN

HONG KONG—From a throne of wooden pallets, a small statue of the red-faced, bearded deity Guan Yu presides over Mong Kok, the most intense of the pro-democracy protest sites here.

Guan Yu has the distinction of being worshipped by the protesters who occupy a major intersection in the heart of one of the city's densest neighborhoods. The place we have both become a battle zone, protesters, and the triads, the organized crime groups that populate the area and are alleged to have fought protesters over the past four weeks.

The god, also known as Emperor Guan, is a symbol of loyalty, brotherhood, righteousness, and victory in war. His presence in Mong Kok is meant as a strategic deterrent. Protesters believe neither police nor the mob, said to be prevalent in the neighborhood, would dare to touch him.

"Everyone can claim him: police, triads and protesters," said David Palmer, chair of the Department of Sociology at the University of Hong Kong. "He incarnates the values of courage, bravery and loyalty."

To protesters, the god's work is apparent in the missed steps made by Hong Kong police in trying to control the protests.

Every time the authorities make moves on Guan Yu, something bad happens. In the most recent skirmish, according to Bobo Yeung, a 35-year-old construction worker who is one of the god's self-appointed attendants. "Every time they're disrespectful here something strange will happen."

"They made a big mistake," said Mr. Yeung. After the raid, a police spokeswoman mistakenly wore a hat bearing the old

A protester lights incense at an altar for Guan Yu in Mong Kok, where many leave offerings for the deity.

seal of Hong Kong's colonial police, complete with British crown, to a news conference.

"That was a bad omen of the god," Mr. Yeung said.

A spokesman for the Hong Kong Police Force declined to comment on Guan Yu. Police said they tried to clear the Mong Kok site because of rising violence. Incidents of tear-gassing and criminal offenses are taking place in the occupied area in Mong Kok almost every day, police spokesman Hui Chun-tak said.

The protest as a whole is entering its second month, with no further talks scheduled between the organizers and the government.

The real Guan Yu was a Chinese general around the year 200. He gained prominence in Chinese culture from his depiction in "Romance of the Three Kingdoms," the classic historical novel written about 1,000 years later.

"There's a contrast in Chinese culture between the loyal martial hero and the literary sage," said Mr. Palmer. "The martial hero is somebody who maybe is a little lacking in high levels of literary attainments

but compensates through this ability to fight."

That also accounts for Guan Yu's popularity among triads.

"Brotherhood is an important element of triad subculture," said Sharon Kwok, a Ph.D. candidate who researches triads at City University of Hong Kong. Guan Yu is deeply ingrained in Hong Kong's police department. "In almost every police station, there is a designated corner—chosen after consulting a Feng Shui master—for the statue of Guan Yu," said Tommy Tang, a retired chief inspector.

Offerings to Guan Yu on a recent evening in Mong Kok included a box of chicken McNuggets, a bottle of beer, a pomelo, and a whole plucked chicken. A line of incense-bearing supplicants bowed before the god.

Guan Yu disappeared from the site for several days after his hand was broken off. "When he was here, there were some days when he returned it became peaceful again," Mr. Yeung said.

Mr. Yeung managed to attach a new hand, albeit bigger than the original, to the statue. He likened the act to an episode in "Romance of the Three Kingdoms" in which a skilled doctor treated Guan Yu for a poisoned arrow wound by scraping the venom from his arm bone. Guan Yu drank and played chess with his spare arm during the operation, and survived to become a神. Similarly, Mr. Yeung said, Mong Kok's Guan Yu is ascendant after his mishap. "He keeps getting stronger and stronger, fiercer and fiercer," said Mr. Yeung.

—Chester Yung
contributed to this article.

ON SALE SATURDAY EVERYWHERE.

THE WALL STREET JOURNAL.

WSJ

WEEKEND

REVIEW

A Lesson Plan for A+ Teachers

Lots of research in the past decade underscores the importance of great teachers. Former New York City schools chancellor Joel Klein discusses strategies to raise the quality and performance of educators, from requiring rigorous exams to encouraging specialization.

Credit: Getty Images

direct government funding eight years ago after the coup overthrew Fiji's elected government, Asia's biggest economy stepped up its aid and investment.

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"Sanctions were designed to push Fiji back into democracy, but what they actually did was provide room for China to increase its presence in the Asia-

spokeswoman said in an email that the sanctions were lifted because of Fiji's return to democracy and that the U.S. isn't worried about China's presence in Fiji. "We welcome the U.S. and other Pacific nations benefit from good relations and increased cooperation with China."

The Fiji government didn't respond to requests to comment.

Analysts have described the Obama administration's policy as engagement and "winning" toward the Asia-Pacific as part of a wider contest with China for influence over the region. Beijing has sometimes called it a U.S. effort to contain China's rise.

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To protesters, the god's

work is apparent in the missteps made by Hong Kong police in trying to control the protests.

Every time the authorities make moves on Guan Yu, something bad happens to them, Palmer said. According to Bobo Young, a 35-year-old construction worker who is one of the god's self-appointed attendants, "Every time they're disrespectful here something strange will happen."

Two weeks ago, when police moved to clear the Mong Kok site, they destroyed Guan Yu's old statue, knocking the statue to the ground and breaking off its hand.

"They made a big mistake," said Mr. Young. After the raid, a police spokeswoman mistakenly wore a hat bearing the old

popularity of Hong Kong's colonial police, complete with British crown, to a news conference. "The police are the servants of the god," Mr. Young said.

A spokesman for the Hong Kong Police Force declined to comment on Guan Yu. Police said they tried to clear the Mong Kok site because of rising violence. "Confrontations of various sects and criminal offenses are taking place in the occupied area in Mong Kok almost every day," police spokesman Hui Chun-tak said.

The protest as a whole is approaching its second month, with no further talks scheduled between organizers and the government.

The real Guan Yu was a Chinese general around the year 200. He gained prominence in Chinese culture from his depiction in "Romance of the Three Kingdoms," the classic historical novel written about 1,000 years later.

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Offerings to Guan Yu on a recent evening in Mong Kok included a box of chicken McNuggets, three shots of liquor, a porcupine, a whole plucked chicken. A line of incense-bearing supplicants bowed to the god.

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—Chester Yung contributed to this article.



Fijians voting on Sept. 17 in Fiji's first election since a coup in 2006.

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WEEKEND INVESTOR

Going Mobile: A User's Guide to Investing Apps

Established firms and a host of startups are using technology to engage users and make it easier to trade. We explain how to use apps to your advantage and avoid the pitfalls.



REVIEW

A Lesson Plan for A+ Teachers

Lots of research in the past decade underscores the importance of great teachers. Former New York City schools chancellor Joel Klein discusses strategies to raise the quality and performance of educators, from requiring rigorous exams to encouraging specialization.

Credit: Getty Images



OFF DUTY

A Quiet Statement

If you want a sedan but shy away from showy status symbols, writes Dan Neil, the 2015 Acura TLX should hit your sweet spot.

Credit: Honda North America



OFF DUTY

Hold the Meat?

Influential chefs are demoting animal protein from the star of the meal to a supporting player for mostly vegetarian meals that strike a delicious balance between healthy and hedonistic.

Credit: James Ransom for The Wall Street Journal

ON SALE SATURDAY AT NEWSSTANDS EVERYWHERE OR GO TO WSJ.COM.

WORLD NEWS

Armed Forces Seize Power in Burkina Faso

President's Push for Law Allowing Him to Run for a Fifth Term Sparks Violent Protests in West African Nation's Capital



By DREW HINSHAW

Burkina Faso's army seized power on Thursday after protesters burned government buildings in anger over President Blaise Compaoré's plan to extend his 27-year rule.

The landlocked nation had been one of the most stable in tumultuous West Africa, until the army declared Mr. Compaoré's plan unconstitutional, it said it would stage elections within a year, in a statement stamped and signed by Gen. Honoré Nabié Traoré.

Elections had already been planned for next year, but 63-year-old Mr. Compaoré—who has served four terms—had asked Parliament to postpone them on Thursday that would have given him free rein to seek a fifth.

Instead, young men set fire to the National Assembly, the British Broadcasting Corp. reported. Then they burned down the city hall, the president's residence, and started the violence.

Television footage shown by private channel Africabwe showed thousands of mostly young men blaring motorcycle horns, burning tires and blowing vuvuzelas. Forces fired at protesters first, killing three, Reuters reported.

Mr. Compaoré spent much of the day inside his presidential palace in the capital, Ouagadougou, trying to negotiate with his military, said a member of his entourage. Early in the afternoon, he declared a state of emergency, but protests continued.

Late Thursday evening, he proclaimed his refusal to step down, Radio France Internationale



Joe Penney/Reuters

Soldiers attempt to stop antigovernment protesters who burned down city hall from entering the parliament building in Ouagadougou, capital of Burkina Faso, on Thursday.

reported him as saying.

One group of young men set fire to the state television station, dancing around an anchor's desk, in photographs captured by Reuters.

"He thinks he's in control of the situation, but the army is in the process of consulting itself about that," the person close to Mr. Compaoré said.

The chaos in the normally sleepy, sun-baked capital was indicative of how Africa's increasingly young and urban population is driving out aging leaders. Most of the country's 17 million people aren't yet 18, and don't remember a time when the first took power in a 1987 coup.

Under Mr. Compaoré's rule, Burkina Faso has been the picture of a kind of a democracy that has taken hold in several of Africa's leading states, among them Uganda, Cameroon, Gabon and Nigeria, where President Goodluck Jonathan is expected to easily win a second term next year.

Elections have been frequent and broadly seen as fair, but dominated by the ruling party. That image has been shattered by cumbuca leaders for fear of losing out on patronage if they support the opposition. Local media have been free and widely consumed, but have also given generous space to the government, which pays reporters to cover its meetings.

It is a system that is coming under strain as waves of young people flock to cities and find frustration over the scarcity of

jobs.

In Burkina Faso, the sudden ouster of Mr. Compaoré's three-decade-long rule posed difficult questions for Western diplomats. Burkina Faso under Mr. Compaoré's stewardship was one of the few countries in this region that hadn't recently suffered a coup, a civil war, or both. That stability, and the lack of Ebola here, either, even as cases have snuck into next-door Mali, and into nearby Senegal and Nigeria.

For months, diplomats tried to persuade Mr. Compaoré to abandon his re-election campaign. The U.S. State Department in particular publicly condemned the fifth-term proposal, and the White House repeated as much on Thursday.

"We call on all parties, including the security forces, to end the violence and return to a peaceful process to create a future for Burkina Faso that will build on Burkina Faso's hard-won democratic gains," National Security Council spokeswoman Bernadette Meehan said.

More privately, U.S. diplomats have been loath to criticize the \$80 million aid package from the U.S. Millennium Challenge Account, which is awarded for good governance, telling Mr. Compaoré that his country wouldn't qualify for a second package if he continued to pursue a fifth term. "I think Mr. Compaoré is appreciated unfazed," said one U.S. State Department official.

"He ends up changing the conversation. You want democ-

racy, right? Well, we have our country's former colonizer. In August, he traveled to Washington, bringing African officials on his efforts to negotiate peace in northern Mali, the scene of a simmering, Islamist-tinged rebellion.

"A lot of people are going to be shaking their heads after this and wonder what happened," said J. Peter Phalen, Africa director at the Washington-based Atlantic Council, who hosted Mr. Compaoré.

Sierra Leone Ambulances Fuel Ebola Concerns

By PETER WONACOTT

KENEMA, Sierra Leone—Boarding an ambulance in Freetown on Oct. 24, a pair of Ebola patients began what some in Sierra Leone call the journey of no return.

On a blazing afternoon, an ambulance transporting a brother and sister arrived at the Red Cross Ebola clinic just outside the town of Kailahun, a four-and-a-half-hour drive from Sierra Leone's capital. A child's wails could be heard while a team of six health workers disinfected the vehicle. A naked 14-year-old boy later stepped out, but not his younger sister.

"She's dead," shouted one worker. The ambulance then drove slowly to the back of the clinic, where her corpse was laid at the morgue.

Sierra Leone's ambulances zip down townsways, blow by crowded street markets and bob over rutted jungle roads. Yet all that movement has exposed a dangerously disjointed emergency-response system, one that sends gravely ill patients across the country for hospital beds they sometimes don't live to see.

That has prompted a rethinking of how to use patchwork emergency vehicles, in the hope of setting a template for other nations battling Ebola.

"The ambulance link is really important and it's not quite working," said Steve McDowell, Freetown-based head of emergency.



Long trips ambulances make to transport Ebola patients reflect a disjointed emergency-response system.

roads mean health workers tending to the patients are often bumping up against ambulance drivers—and potentially transferring patients to another vehicle.

Konie Laih, the 52-year-old chief ambulance driver for Kailahun, said he requires his drivers to don protective equipment. That requirement was put in place after two of his drivers died of Ebola in June.

But Kailahun's drivers faced hostile communities, residents of which sometimes throw stones at vehicles to prevent them from taking away neighbors.

In Kenema, after the older boy was led out of the ambulance to the clinic, and his sister's body was taken, to the morgue, the ambulance followed in the back of a pickup with a 4-day-old baby. The baby soon died, said Red Cross workers. A couple of days later, the boy died, too. The bus band, also a suspected Ebola patient, had died earlier.

On the way to the morgue, the mother sat alone, legs folded to her side behind a plastic net barrier with other female Ebola patients. In the span of days, her baby had been wiped out.

More upbeat coda unfolded for a mother and daughter who had been found from Lungi, outside Freetown.

They had survived the long ambulance drive to beat the virus. Now a regular old SUV was taking them home.

"The distances are too much to take for patients who are very weak," said Mohamed Kamara, a senior Red

crosser.

"One driver just said 'the white man in Freetown sent me,'" said Amanda McClelland, a senior Red Crosser.

"The distances are too much to take for patients who are very weak," said Mohamed Kamara, a senior Red Crosser.

WORLD WATCH

OCTOBER DATA REFLECT IMPROVING CONFIDENCE

Businesses and consumers across the 18 countries that make up the eurozone are slightly more upbeat about their economic prospects in October, a sign the currency bloc isn't in imminent danger of sliding back into a sustained contraction.

A string of poor data from the eurozone published in the first half of October, covering August and September had fueled concerns the currency area's anemic recovery had ended. More recent surveys and data reports suggest that fate may have been avoided for now.

The European Commission said its Economic Sentiment Index, a gauge of consumer and business confidence—rose to 100.7 in October from 99.9 in September. Economists had expected a decline to 99.7.

—Paul Hannon

CANADA BROADCASTER INVESTIGATES POPULAR RADIO HOST

Canada's national public broadcaster is launching an investigation into allegations that a popular former radio host or socialist had hosted two of its employees, as a number of women have come forward with allegations of physical assault.

The Canadian Broadcasting Corp. on Sunday announced the departure of Jian Ghomeshi, one

OPINION

Democrats Play the 'Romney' Card

The 2014 midterms already deserve to be remembered as the moment when most of the Democratic Party's campaign playbook met a shredder. Except for one tactic: The GOP is getting it wrong.

That's the unifying theme in several Senate, House and gubernatorial races in which Republicans are struggling to seal the deal in an otherwise favorable political environment. Democrats are attacking the GOP's Republican opponents as vulture capitalists and outsourceurs, wealthy suits oblivious to the plight of average Americans. It's a beguiling claim, but it's wrong.

It's about the only thing that is for national Democrats. Republicans have done a lot right this year, from picking impressive candidates, to tamping down party division, to finding a few mouth-watering. Perhaps their biggest achievement has been to shut down some of the left's more enduring campaign strategies.

Democrats for years have successfully fielded "moderate" Senate candidates to pick up GOP seats. This year, an impressive job tying these moderate liberal records to Mr. Obama. Democrats for years successfully pummeled Republicans with the "war on women" theme; the GOP this year ran candidates who had effective responses and largely neutralized the attack. Democrats have for years used the "shady" billionaires like the Koch Brothers were "buying" elections for Republicans; the GOP this year just snorted and pointed to PAC-master Tom Steyer.

But the Democrats' Romney redux is proving powerful, because



Georgia's Republican candidate for the U.S. Senate, David Perdue, Oct. 24.

he GOP still lacks an effective answer. In Georgia's Senate race, Durmont Michele Nunn has crafted most of her campaign around accusations that her Republican opponent, businessman David Perdue, has spent a lifetime closing down U.S. factories and moving jobs overseas. One Nunn ad featured a 2005 situation in which Mr. Perdue was in his such companies as Reebok and Dollar General—appeared to acknowledge that he "spent most of [his] career" outsourcing.

Ms. Nunn has also tied Mr. Perdue's wealth to her populist pitch that he is a champion for and for a higher minimum wage. "You made in a single day of working at Dollar General what it took one of your employees working at minimum wage a whole year to make," she charged at one debate.

This attack has undercut Mr. Perdue's own campaign theme that he is a job creator, as he stumbled from one unconvincing pitch to another. He tried to parse the difference between "sourcing" and "outsourcing"; he said it was "proud" of his past

work; he blamed the opposition for bringing the subject up; he suggested voters didn't really understand the issue; he talked about iPhones.

Recently, Mr. Perdue has been pointing out that government regulations and taxes are a reason too many companies don't choose America, and that he wants the government to encourage companies to create a jobs boom here. That's more like it, but it comes only after a month of Ms. Nunn keeping him on defense. One Democrat who noticed was New Hampshire Democratic Sen. Jeanne Shaheen. She has been bashing similar outsourcing accusations against Republican Scott Brown.

In Illinois, Democratic Gov. Pat Quinn is saddled in his re-election bid with one of the worst economies in the country, and accusations of political corruption. Yet he has kept the race tight against businessman Bruce Rauner, whose merciless ad campaign that has highlighted the Republican's \$140,000 membership in a wife club, and claimed that Mr. Rauner's companies "laid off millions while he made millions."

While Mr. Rauner has correctly emphasized the need for policies for companies to thrive there and in the U.S., he's also been dragged into a debate over what precisely his companies did, and at one point dropped the line that "not every job should be in America." That may be blind, older, but it hasn't stopped the left from seizing on it as the rallying phrase against his candidacy.

This Romneyfication could cost Republicans seats on Tuesday, but what ought to worry them more is the cost of the damage Democrats have been playing the Romney card since the 2008 financial crisis—is using it to shake down banks, to push for higher taxes on upper-income earners and more regulations, and to beat up business and Republicans. These mistakes have won over many swing voters. A few poll four years ago showed Democrats with an 11-point lead over Republicans as the party "more concerned with needs of people like me." Pew asked that question again in October, and Democrats now have a 21-point advantage.

We may not know if it's Hillary or Elizabeth in 2016, but we do know that both will be happy to lead with some variation on the opponent-loves-corporate-inversion theme. Some Democratic candidates are using the midterms to test policy ideas designed to telegraph the party's interest in growth and opportunity for all. But the party as a whole has yet to get its head around this problem, and that should be the most pressing problem for a Republican presidential nominee.

To be, or not to be, Romneyed. This is the question. The GOP needs a better answer.

Write to kim@wsj.com

Let Islamic Reform Start in America

Muslim communities in the West—your Grahams, Fullers and Lessers in 1998 (*"The Geopolitics of Islam and the West"*)—are more likely to exert influence on their countries and cultures of origin rather than receive influences from them; over time they may have a significant effect on the perceptions of secularization and minority rights in the Middle East.

HOUSES OF ALMIGHTY WORSHIP
By **Salam Al-Marayati and Maher Hathout**

This shift—from a predominantly Muslim community being perceived as foreign and an extension of the Middle East and South Asia to American Muslims instead influencing the East—is instead the influence in the region in which Muslims are heading. Radicalization in the Muslim world and the regression of Muslim religious establishments funded by the same autocratic governments currently make Islamic reform unlikely in the region.

American Muslims can significantly contribute to the revival of Islam in the Middle East as a central principle of the faith. From despotic regimes to religious extremism, authoritarianism in the Middle East and South Asia has devastated modern Islam thought over the last few centuries. American Muslims have the form and the intellectual capacity to create positive change for Islamic reform.

There are 1.5 billion Muslims in the world, and their religion needs to be redefined for all of them. All religious traditions made philosophies go through reform and renewal. We Muslims must liberate ourselves from the shackles of dogmatic traditions such as sectarianism, tribalism, chauvinism and theocracy, all of which can be found in Islamic ethics based in the Quran and the authenticated traditions of the Prophet Mohammed.

The areas that need immediate attention for Islamic reform are promoting good governance, protecting the rights of religious minorities, and ending the practice of capitalizing on the ideology of compulsion. There was more discourse on the penal code and jurisprudence centuries ago, at the peak of Islamic civilization, when leaders focused on the spirit of the Islamic law, rather than on the application of the law.

For example, with two decades after the Quranic revelation was complete in 632, the punishment for theft was suspended by Omar ibn al-Khattab, the second successor to the Prophet. The punishment was mitigated and poverty was endemic. In this case, along with many others, a leader suspended a conditional Quranic instruction because of new circumstances. That thinking is needed now more than ever.

As is well known, the human rights of women and religious minorities are violated in many

Muslim countries. Communities that don't align with the ideology of the ruling power live in harsh and often oppressive conditions. In 2002, religious police in Saudi Arabia presented girls from a caping a burning school in Mecca and 15 female students died. These men, members of the Committee for the Promotion of Virtue and the Prevention of Vice, would not allow the girls to escape the building because their head scarves were not completely covering their hair.

This meant a rule trumped the principles of life, one of the five goals of Islam, which are freedom of expression, freedom of religion, rights of family, and rights of property. The five goals are called the Maqasid of Islamic law and are usually accepted by Islamic scholars. The Maqasid needs to be given new life, and can only happen in an environment of freedom and futuristic thinking. There is no Islamic ethics or morality achieved by religious police.

The Saudi religious police force, similar to those in Iran and throughout South Asia, is a

tardization of a very important Islamic concept—Maslaha, or public interest. The verse in the Quran related to Maslaha refers to the promotion of social benefit defined as the welfare known by the people as human decency, and the prevention of public harm. Religious policing is rooted in the ideology of compulsion. It is a distortion of that valuable and legitimate public interest in any nation, state, government or executive authority.

American Muslims have looked to the Middle East for religious authority, for spiritual direction and, at times, for political priorities. We must end this practice by defining that any country or group claiming to be Islamic will uphold the most important principle in Islam, protecting life rather than destroying it.

Any country that kills its own people, persecutes religious minorities and subjugates women is anathema to American Muslims who can be conservative, but they cannot camouflage their evil under a religious veneer. Islam liberated us from the shackles of religious tyranny, and we will struggle to liberate ourselves by declaring our independence from the tyrants and clerics who have usurped authority and religion in claiming sovereignty over Muslims world-wide.

Mr. Al-Marayati is president and Dr. Hathout is senior adviser of the Muslim Public Affairs Council.

BOOKSHELF | By Henry Hitchings

Recipes for Killer One-Liners

The Elements of Eloquence

By **Mark Forsyth**
(Berkeley, 229 pages, \$16)

As a 7-year-old boy, J.R.R. Tolkien wrote his first story. When his mother read it, she remarked that its reference to a "green great dragon" was a mistake. Instead, she said, he should have written "great green dragon." Instinctively we agree with Tolkien's mother. Yet I have to admit that, until reading Mark Forsyth's "The Elements of Eloquence," I had paused to analyze with any precision the way in which we customarily sequence adjectives. Mr. Forsyth explains that, in English, adjectives follow the pattern opinion-size-age-shape-color-origin-material-purpose—"so you can have a lovely little old rectangular green French silver whistling knife. But if you mess with that word order in the slightest you'll sound like a barking dog."

While this isn't an original insight on the part of Mr. Forsyth, he is adept at adding spice to the wisdom and popularizing the findings of academic research. In the last three years he has established himself as one of Britain's best-selling writers on language. His debut, "The Etymologicon" (2011), was a "circular structure of hidden connections of the English language" and refreshingly breezy approach to word history. "The Horologicon" (2012), an attempt to revive obsolete terms that pertain to particular times of day, confirmed his aptitude for making a Survey in the linguistic backwoods seem both leisurely and informative.

"The Elements of Eloquence" is billed as a "how-to" guide, designed to teach readers the secrets of the perfect turn of phrase. But it has a broader purpose: to stimulate interest in the rhetorical devices we use every day, often unwittingly, to animate our speech and writing. Some of these are familiar from high-school English class: alliteration, hyperbole, paradox. Others, though, sound like medical conditions: enjambement, enjambement, enjambement. These are using a single word in two or more ways with incongruous effects. Thus Dorothy Parker, on the smallness of her apartment: "I've barely enough room to lay my hat and a few friends." There's the sandwich effect known as *disjocope*: Othello's "Put out the light, and then put out the light" or Martin Luther King's "Free at last. Free at last. Thank God almighty we're free at last." And there's *plexeipus*, a form of immediate repetition exemplified in British prime minister Tony Blair's insistence that his government's chief priorities were "Education. Education. Education."

Dorothy Parker once said of her tiny apartment: "I've barely enough room to lay my hat and a few friends." That's syllepsis.

Mr. Forsyth likens the last of these devices to a nuclear war—"immensely effective, but a bit weird if you use it every five minutes." Such jocularity is a feature of his writing. "We can't all be Oscar Wilde," he says. If we were, "there'd be a remarkable linguistic void." Mr. Forsyth proves it to sound like a friendly amateur sharing his enthusiasm with fellow members of some cheerful archaic club: "There's a wonderful thing called a *phrasal verb*"; "the little dot at the end of a sentence is either a full stop or, if you're of the American persuasion, a period." Occasionally his somewhat facetious tone gives way to what seems a more serious call to arms. De Quincey was a "famous junkie"; a famous female author, *Wuthering Heights* by William Congreve is "a bit of a bony hulker." Of Arthur Henry Hallam, the inspiration for Tennyson's long poem "In Memoriam," he says: "Alfred Tennyson's best friend went on holiday and died. This was a bad thing for Tennyson, but a good thing for English poetry."

There are also mistakes. Mr. Forsyth insists that the saying "the early bird gets the worm" first recorded in 1921, although it's in James Allen's *Moral Lessons of Metaphors* (1872). On the very same page he claims that "el" is an old unit of measurement denoting 11 miles; in fact an el is 45 inches in England and 37 in Scotland. Later there is the bizarre assertion that Sir Thomas Browne (1605-82) was "the first ever English prose writer—a title traditionally accorded to the 14th-century traveler Sir John Mandeville." One can only be able to make a more robust case for Thomas Browne. Mr. Forsyth's errors are not numerous, but they grate because he is intent on shooting down other people's misconceptions and on advancing provocative statements. The book's first five words are "Shakespeare was not a genius."

Mr. Forsyth's apparent switch at Shakespeare is itself a rhetorical flourish, because he believes that Shakespeare became great by imitating such flourishes, composing his works with increasing intricacy. He "got better and better, which was easy, because he started

Take the Campus Halloween Costume Test

By **Suzy Lee Weiss**

Ann Arbor, Mich.

Are you debating the virtues of dressing up as a zombie or maybe Pippi Longstocking for Halloween, but concerned

about the ethics? "Maybe? It's possible that your costume is racist," or "Your costume is problematic." These are the words to absolutely say that you aren't dressing up as a bigot. Use your gut as a deracinated poster will save those who can't.

Maybe the paper posters are the best way to go. They are the most effective and used next Halloween to educate students about the holiday's origins—a Celtic harvest festival and new-year celebration, a time

OPINION

REVIEW & OUTLOOK

Obama Belittles Israel

The Obama Administration is disappointed, insulted, unhappy and even downright angry with the government. This isn't news, and hasn't been almost from the time President Obama and Prime Minister Benjamin Netanyahu both came to office in 2009. But the feud is intensifying, kicking and biting in the open, thanks to a series of Administration leaks and snubs.

The latest eruption began last week, after a visit to Washington by Moshe Yaalon, The Israeli Defense Minister met with Defense Secretary Chuck Hagel and agreed that Israel would buy a second squadron of F-35 jets in a \$2.75 billion deal. That's good news for defense contractor Lockheed Martin, which has struggled to persuade foreign customers like Canada to stick with the troubled fighter.

The visit was also supposed to be an opportunity for Mr. Yaalon to make personal amends to John Kerry for remarks earlier this year when he called the Secretary of State "obsessive and messianic" and lamented that U.S. policy toward Iran was "showing weakness." The remarks were made in private, and Mr. Yaalon publicly apologized.

Instead, Mr. Yaalon was denied a private meeting with Mr. Kerry, as he was with Vice President Joe Biden. (He did meet with U.N. Ambassador Samanuji Power, who apparently didn't get the memo that the U.S. was under quarantine.) For bad measure, Administration officials leaked the story of the snubs to an Israeli newspaper as Mr. Yaalon was returning to Israel—guaranteeing his public embarrassment.

Then on Tuesday Jeffrey Goldberg—the Administration's media spokesman on Israel—reported a conversation with a senior Administration source who described Mr. Ne-

anyahu, a former elite commando who was wounded in a 1972 hostage rescue operation, as a "chicken—."

The latest snubs and sneers won't help U.S. interests in the Mideast.

Another official quoted by Mr. Goldberg called Mr. Netanyahu a "coward" or the Iranian nuclear issue, presumably because Israel has done what the Administration asked and not bombed Iran's nuclear installations, especially before the 2012 election. On Wednesday Press Secretary Josh Earnest tried to disavow the comment, but the damage was done.

This public show of administration makes no sense for an Administration facing multiple Mideast crises and struggling to keep the friends it has. It makes even less sense if Mr. Obama strikes a nuclear deal with Iran next month. The White House has leaked that it intends to bypass Congress to conclude a deal, but it cannot unilaterally overturn sanctions passed by Congress. Broadcasting its dislike for the Jewish state won't instill confidence in Congress and the public that such a deal won't mortally threaten Israel.

The broader problem for the Administration is that its perceptions of the Middle East increasingly differ from Israel's, not to mention those of a growing list of disillusioned allies in Europe, Asia and the Arab world. Mr. Obama likes to say that he prefers to listen rather than lecture, so the disarray in the region should be an occasion to rethink some of his assumptions, such as his faith that forward-thinking Israel-Arab-Palestinian peace would solve other problems.

But that's not how this President rolls. Israel will draw its own conclusions about what it needs to do to survive in a tough neighborhood. The Administration's main accomplishment is to have needlessly unsettled another alliance in another fit of pique.

An Economy on the Verge

The American economy is a remarkable engine, growing and creating new wealth despite the burdens that government imposes. Imagine what would happen if the political class put growth and rising incomes at the top of its agenda?

That admittedly naive thought is triggered by Thursday's report that growth in the third quarter clocked in at the healthy annual rate of 3.5% in the Commerce Department's preliminary report. That was better than most economists expected, and it continues the rebound from the first quarter's header of minus-2.1%.

The economy has rebounded to grow 2.3% since the fourth quarter of 2013, and once again many are predicting that the promise of a 3% year might be in the offing. It's painful to admit, but the last time the U.S. broke the 3% barrier was nearly a decade ago—at 3.3% in 2005.

Growth in the quarter was led by healthy consumer spending, net exports and a bounce in government spending. The first two are signs of decent economic health, as consumers continue to show modest confidence in the outlook. Exports will be dicey going forward as the rest of the world slows down, especially Europe, Brazil and perhaps China.

As for government, the boost came largely from an increase in defense spending (0.6% of the 3.5% GDP increase). That isn't likely to continue unless President Obama changes his priorities under the increasing pressure of Islamic State, Vladimir Putin, and a more Republican Congress worried about the decline of America's military deterrent.

Meanwhile, domestic government spend-

ing remained mostly flat, which is a good sign since most such spending these days are transfer payments that do little for growth.

Keynesians will fret about flat government investment, and the U.S. could use better roads and bridges. But the record of the current government is that it will steer spending to political favor-

ites that become fiscally irrelevant.

The third quarter's main disappointment was slow business investment, which fell 0.7% to GDP after 1.45% in the second quarter. Private business investment is the main wellspring of prosperity, because it leads to innovation, rising productivity and higher take-home pay. But it has underperformed for most of this historically slow expansion. Its contribution to GDP was 0.86% in 2011, 1.17% in 2012 and 0.7% in 2013.

Creating the environment for increasing private investment and job creation should be the main policy focus in the months ahead. Mr. Obama won't lead in that direction. But if Republicans take the Senate next week, they may open a change to the economic policy debate from government redistribution toward private growth.

The GOP could start by setting the right political tone. Then work steadily to chip away at policy impediments to growth, from the barriers to hiring embodied in Obamacare (the 30-hour minimum work week) to limits on the transport and export of oil and gas (Keystone XL). Free trade could be another early bipartisan winner. There are many other growth openings, but the crucial starting point is to send Americans the resounding message that the pro-growth cavalry is on the way.

To distance themselves from Mr. Obama's economic record, Hillary and Bill will try to make voters ignore the record of the last six years and recall the 1990s. That will probably be the problem with the re-evaluating the claims of that record with the Reaganesque economic agenda.

What the Clintons won't mention is that the economy really took off after Ronald Reagan's tax cuts. Mrs. Clinton's舞 with Liz as the former first lady adapts to the leftward shift of her party while making another run at the White House.

"Don't let anybody tell you that corporations and businesses create jobs." Mrs. Clinton

sachussetts Senator's star status on the stump this year, as she bashes bankers and proposes even higher taxes on business.

Mrs. Clinton begins her dance with the Democratic left.

Hillary Rodham Warren

So we hear that Hillary Clinton's Wall Street admirers are concerned about her comments last week, at a rally with Senator Elizabeth Warren, that businesses don't create jobs. That belief has been used to it, because this is only the beginning of Mrs. Clinton's dance with Liz as the former first lady adapts to the leftward shift of her party while making another run at the White House.

"Don't let anybody tell you that corporations and businesses create jobs." Mrs. Clinton

LETTERS TO THE EDITOR

President Obama and the Non-Disappearance of Racism

Regarding "The 2014 Race Card" (Review & Outlook, Oct. 25): According to presidential approval polls, less than one-third of those who approve of President Obama's performance, while two-thirds of nonwhites—and 85% of blacks—still give the president high marks. Faced with a dismal economic record and a stark racial divide in the electorate, Democrats' poll numbers this year must hope that Mr. Obama gets nonwhite voters to the polls in record numbers.

You conclude that "Democrats do not credit blacks for their success by playing up racial divides for partisan ends." The country clearly is worse for wear because of the racial politics of the last six years, but whether Democrats do themselves credit by playing the race card depends on the meaning of "success." The racial divisions keeps Democrats in control of the Senate, then their continued ability to facilitate President Obama's rule

by fiat is a huge credit in the political power game. Also, much of the media report black and white voter-pattern differences in support of gay marriage that highlights the GOP as the party that incites white racism by using code phrases such as "limited government." With the media's buffering of Democats against race-card charges, any credit Democrats for their success is probably by the time they divide us again (using a full deck of gender, age, race, marital status, sexual orientation and immigration status cards) in 2016.

ADAM CLARK
Alexandria, Va.

In 2004, then-Illinois State Sen. Barack Obama delivered an impassioned speech to the Democratic National Convention saying: "There is not a black America and a white America, there is the United States of America." Sad to his actions have never matched his words. Instead of

using his own racial heritage as a way of uniting the country, he has promoted division at every turn. President Obama, with the help of his right-hand man Eric Holder, has piled the race card early and often.

What has all this done to improve the plight of African-Americans in this country? Racial tension is higher than it's been for a long time. Blacks are dividing each other, disengaging members, especially in President Obama's hometown, Chicago. Our inner cities are decaying, and black unemployment is double that of whites. Blacks' real income has declined throughout the Obama recovery.

In November, African-Americans have a choice: to continue to be wedded to the failed policies of the past or to join with the party of Lincoln in creating a better country for all Americans including blacks.

RANDY KELLY
Cardiff-by-the-Sea, Calif.

Two letters of Oct. 28 responding to your editorial "Obamacare's Failing Cost Control" (Oct. 20) miss or ignore the key issue regarding Accountable Care Organizations (ACOs). ACOs are intended to "move away from a government-run, volume-based payment system," and he further opines that "health-care providers agree this is the right way to go." A letter from Ron Geigel says that ACOs "make business sense," though, wrong and misguided.

He asks the question to ask about ACOs under the Affordable Care Act is two-pronged: To whom are they accountable and how are they rewarded for their good health? They should not be accountable to an organization's CFO or the Congressional Budget Office for a bottom line.

At present, ACO providers

are rewarded—with money—if they spend less. Advocates assume that if doctors coordinate care better, patients will be healthier and at less cost for care. As an ACO costs less, more is left over for the provider. If doctors could easily game the system like insurance companies do by deferring care or cherry-picking patients who spend less, and thereby are rewarded with money even though patients are misguided.

If patient welfare is the goal of the system (and it should be), then the system should link the reward (money) to the desired outcome (good patient health). Setting money isn't the goal of health care; it is a byproduct of the true goal of the health-care system—healthy, long-lived Americans.

DEANE WALDMAN, M.D., M.B.A.
Albuquerque, N.M.

ACOs clearly resemble health-maintenance organizations in their basic structure of a lump-sum payment to cover a bundle of services, with financial risk for spending more than this sum.

Both create strong disincentives to refer, to hospitalize or to spend time taking care of sick patients. Both create strong incentives to cherry-pick healthy patients. This is how these organizations make money, if successful. Any profit will mostly go to the ACO's CEO and bloated executive paychecks. A few dollars may trickle down to those actually providing care.

If HMOs had lived up to their hype, why would we now need ACOs?

RICHARD AMERLING, M.D.,
President
Association of American
Physicians and Surgeons
New York

Legislative Equality, Not Royaltyism

Eric Nelson's "The Royalist Revolution," as reviewed by Andrew O'Shaughnessy (Opinion, Oct. 27), would appear to distort the actual constitutional claims of colonists during the era of imperial crisis.

Rather than resurrect the absolutist claims of the Stuart Americans like Thomas Jefferson had presented to the colonial legislatures. They reasoned that as their charters derived from the king, and as their legislation was overseen by the monarch's Privy Council, their relationship to the king must be another early bipartisan winner. There are many other growth openings, but the crucial starting point is to send Americans the resounding message that the pro-growth cavalry is on the way.

The colonists therefore advanced a view of the British constitution that grew out of the revolution of 1688. They may have later chosen a strong presidency, but this too remained consistent with that tradition, as both William III and Queen Anne, both creatures of the revolution, exercised strong executive royal authority, for instance, appointing their ministers solely at pleasure.

ALISON M. URNICK,
UCLA
Los Angeles

which established a constitutional system in which the monarch must exercise executive authority through the legislature. In Britain, he would do so through Parliament; in America, through colonial assemblies quite separately.

The colonists therefore advanced a view of the British constitution that grew out of the revolution of 1688. They may have later chosen a strong presidency, but this too remained consistent with that tradition, as both William III and Queen Anne, both creatures of the revolution, exercised strong executive royal authority, for instance, appointing their ministers solely at pleasure.

ALISON M. URNICK
UCLA
Los Angeles

Credibility for Obama Antiquarantine Policy

Regarding your editorial "The Incredibility of Infection" (Oct. 27): You note that the governors of New York and New Jersey have decided to reverse their decisions to quarantine health workers returning from treating Ebola patients in West Africa. Rather than pressure the states, a better solution may be to thank the returning health workers to whom the president could personally thank them for their handshakes and hugs all around. They are certainly as deserving of this recognition as any sports team. The workers are saving lives, not threatening them.

DAVE DEKAKER
Greensboro, N.C.

Jack Lew Is Right on Company Tax

Regarding your editorial "Jack Lew, Investment Killer" (Oct. 1): Even before the Treasury Department decided to prevent companies from using tax credits to repay loans to evade taxation of repatriated earnings, U.S. multinationals had stockpiled nearly \$2 billion in foreign cash. Therefore, leaving the system unchanged would hardly guarantee the return of overvalued companies.

No other nation contributes more to the stability and functioning of world markets than the U.S. Calls to adopt a territorial tax system, proposed by the rest of the world, are blind to the fact that the "rest of the world" doesn't have the burdens of a superpower. The notion that the duty to fund our nation should end at the water's edge is profoundly at odds with the reality of the world.

TONU VARADARAJAN
The Consequential Cop
Opposed War on Drugs

Tonu Varadarajan's appreciation of the late former police chief of San Jose, Calif., George McNamara ("A Most Consequential Cop," op-ed, Oct. 11) neglects to mention

to persuade foreign customers like Canada to stick with their traditional fighter.

The wish was also supposed to be an opportunity for Mr. Yaelon to make personal amends to John Kerry for remarks earlier this year when he called the Secretary of State "obsessive and messianic" and lamented that U.S. policy toward Iran was "showing weakness." The remarks were made in private, and Mr. Yaelon publicly apologized.

Instead, Mr. Yaelon was denied a private meeting with Mr. Kerry, as he was with Vice President Joe Biden. (He did meet with U.N. Ambassador Samantha Power, who apparently didn't get the memo that the Israeli was under quarantine.) For bad measure, Administration officials leaked the story of the snubs to an Israeli newspaper as Mr. Yaelon was returning to Israel—guaranteeing his public embarrassment.

Then on Tuesday Jeffrey Goldberg—the Administration's media spokesman on Israel—repeated a conversation with a senior Administration source who described Mr. Ne-

An Economy on the Verge

The American economy is a remarkable engine, growing and creating new wealth despite the burdens that government imposes. Imagine what might happen if the political class put growth and rising incomes at the top of its agenda?

That admittedly naive thought is triggered by Thursday's report that growth in the third quarter clocked in at the healthy annual rate of 3.5% in the Commerce Department's preliminary report. That was better than most economists expected, and it continues the rebound from the first quarter's header of minus 0.1%.

The economy has rebounded to grow 2.3% since the fourth quarter of 2013, and once again many are predicting that the promise of a 3% year might be in the offing. It's painful to admit, but the last time the U.S. broke the 3% barrier was nearly a decade ago—at 3.3% in 2005.

Growth in the quarter was led by healthy consumer spending, net exports and a bounce in government spending. The first two are signs of decent economic health, as consumers continue to show modest confidence in the outlook. Exports will be dicier going forward as the rest of the world slows down, especially Europe, Brazil and perhaps China.

As for government, the boost came largely from an increase in defense spending (0.6% of the 3.5% GDP increase). That isn't likely to continue unless President Obama changes his priorities under the increasing pressure of Islamic State, Vladimir Putin, and a more Republican Congress worried about the decline of America's military deterrent.

Meanwhile, domestic government spend-

Faster growth awaits
a change in policy
direction in Congress.

ing remained mostly flat, which is a good sign since most such spending these days are transfer payments that do little for growth. Keynesians will fret about flat government investment, and the U.S. could use better roads and bridges. But the record of the current government is that it will steer spending to political favor-

ites that become failures—see Solyndra.

The third quarter's main disappointment was slow business investment, which contributed 0.74% to GDP after 1.45% in the second quarter. Private business investment is the main wellspring of prosperity, because it leads to innovation, rising productivity and higher take-home pay. But it has underperformed for most of this historically slow expansion. Its contribution to GDP was 0.86% in 2011, 1.17% in 2012 and 0.7% in 2013.

Creating the environment for increasing private investment and job creation should be the main policy focus in the months ahead. Mr. Obama won't lead in that direction. But if Republicans take the Senate next week, they have an opening to change the economic policy debate from government redistribution to a broad private growth.

The GOP could start by setting the right political tone. Then work steadily to chip away at the policy impediments to growth, from the barriers to hiring embedded in ObamaCare (the 30-hour "full-time" work week) limits on the transport and export of oil and gas (Keystone XL). Free trade could be another early bipartisan winner. There are many other growth openings, but the crucial starting point is to send Americans the resounding message that the pro-growth cavalry is on the way.

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Hillary Rodham Warren

So we hear that Hillary Clinton's Wall Street admirers are concerned about her comments last week, at a rally with Senator Elizabeth Warren, that businesses don't create jobs. They better get used to it, because this is only the beginning of Mrs. Clinton's dance with Liz as the former first lady adapts to the leftward shift of her party while making another run at the White House.

"Don't let anybody tell you that corporations and businesses create jobs," Mrs. Clinton said in Boston. She added that "I love watching Elizabeth, you know, give it to those who have to get it," as if she were referring to it, but Mrs. Warren has a long, long list. Mrs. Clinton tried to backtrack on Monday, "right down economics has failed. I short-handed this point the other day, so let me be absolutely clear about what I've been saying for a couple of decades," she said. "Our economy grows when businesses and entrepreneurs create good-paying jobs here in America and workers and families are empowered to build from the bottom up and the middle out—not when we hand out tax breaks for corporations that outsource jobs or stash their profits overseas."

Bill Clinton must have helped on that one, and it's nice to know that she thinks some businesses create jobs. But the real importance of Mrs. Clinton's campaign remarks is what they say about the direction of the Democratic Party since she and Bill lived at 1600 Pennsylvania Avenue.

Democratic economic policy has moved sharply to the anti-business left. President Obama's soak-the-rich rhetoric has led the shift, but even he hasn't gone far enough for the Warren wing. This accounts for the Mas-

Mrs. Clinton begins
her dance with
the Democratic left.

Massachusetts Senator's star status on the stump this year, as she bashes bankers and proposes even higher taxes on business.

To distance themselves from Mr. Obama's economic record, Hillary and Bill will try to make voters ignore the record of the last six years and recall the 1990s. Her political will problem will be reconciling the claims of that record with the Obama-Warren economic agenda.

What the Clintons won't mention is that the economy really took off after Republicans took Congress in 1994, or that Mr. Clinton agreed with Newt Gingrich to cut the capital gains tax rate to 20% in 1993. They expect to move much closer to welfare reform, the politics of Native or the record of Glass-Steagall. Look for her to suggest that the 1990s boom was all the result of the tax increase of 1993, without mentioning that it cost Democrats control of Congress.

Watching Mrs. Clinton dance this two-step will be one of the political dramas of 2015. Mrs. Clinton knows that minor-league liberals like Maryland Gov. Martin O'Malley pose no political threat to her nomination, but Mrs. Warren could. The Senator could neutralize Mrs. Clinton's first-woman-Presidential pitch while being more popular with the party's Argentine economics wing. This explains Mrs. Clinton's effusive praise for Mrs. Warren and what is sure to be a major bow to her policies.

The Wall Streeters who think Mr. Obama is an aberration and that electing Hillary Clinton will return the country to the 1990s should think again. If we know anything about the Clintons, it is that they will do whatever it takes to win. So don't rule out a Vice President or Treasury Secretary Warren.

ACOs Are Just the Failed HMOs, but With More Power

Two letters of Oct. 28 responding to your editorial "Accountable Care: Failing Cost Control" (Oct. 22) miss the key issue regarding Accountable Care Organizations: Joe Damone claims ACOs are "a step away from a government-run, volume-based payment system," and he further opines that "health-care providers agree this is the right way to go." A letter from Ron Geigel says that ACOs "make business decisions, good, wrong and misguided."

The question to ask about ACOs under the Affordable Care Act is two-pronged: To whom are they accountable and for what? ACOs should be accountable to patients for their care. They should be accountable to an organization's CEO or the Congressional Budget Office for a bottom line.

At present, ACO providers are rewarded—with money if they spend less. Advocates assume that if doctors coordinate care better, patients will be healthier and at less cost for care. An ACO spends less, more is left over for the doctor, and the doctors could easily game the system like insurance companies do by deferring care or cherry-picking patients so they spend less and are rewarded with money even though patients are misguided.

If patient welfare is the goal of the system (and it should be), then the system should link the reward (money) to the desired outcome (good patient health). Saving money isn't the goal of the system; it is a byproduct of the goal of the health-care system—healthy, long-lived Americans.

Deanne Waldman, M.D., M.B.A.
Albuquerque, N.M.

RICHARD AMERLING, M.D.
President
Association of American
Physicians and Surgeons
New York

Legislative Equality, Not Royalism

Eric Nelson's "The Royalist Revolution," as reviewed by Andrew O'Shaughnessy (Bookshelf, Oct. 24), would appear to distort the actual conservative claims of colonists during the era of imperial crisis.

Rather than resurrect the absolutist claims of the Stuarts, Americans like Thomas Jefferson had wanted equality of representation for their colonial legislatures. They reasoned that as their charters derived from the king, and as their legislation was overseen by the monarch's Privy Council, their relationship to the king must extend into the realm of parliamentary control.

Calling for the revival of the royal veto remained consistent with the legacy of England's 1688 revolution, which established a constitutional system in which the monarch must exercise executive authority through the legislature. In Britain, the colonists do so through Parliament in America, through colonial assemblies quite separately.

The colonists therefore advocated a view of the British constitution that grew out of the Glorious Revolution of 1689. They may have later chosen a strong presidency, but this too remained consistent with that tradition, as both William III and Queen Anne, both creatures of the revolution, exercised strong executive power, but only for its duration, appointing their ministers solely at pleasure.

ALAN M. URBACH
UCLA
Los Angeles

Credibility for Obama Antiquarantine Policy

Regarding your editorial "The Incredibly Infection" (Oct. 27): Note that the governors of New York and New Jersey have decided to reverse their decisions to quarantine health workers returning from treating Ebola patients in West Africa.

Rather than pressure the states, a better solution may be to involve the working world in Washington, where the president could personally thank them for their dedicated service with handshakes and hugs all around. They are certainly as deserving of this recognition as any sports team. The president could then proceed to Congress where they could be shown in similarly thanked by members of Congress. This not only would encourage others considering such service, but would reassure the public that these returning workers need not be quarantined.

DAVE DEAKER
Greensboro, N.C.

Jack Lew Is Right on Company Tax

Regarding your editorial "Jack Lew, Investment Killer" (Oct. 17): Even before the Treasury Department's decision to prevent the use of "hotspots" to long-term tax haven of repatriated earnings, U.S. multinationals had stockpiled nearly \$2 trillion in foreign cash. Therefore, leaving the system unchanged would hardly guarantee the return of overseas earnings. On the contrary, retaining rules that facilitate inversions would accelerate tax avoidance and the erosion of the U.S. tax base by firms that continue to free ride on the enormously expensive global trade infrastructure built and protected by our country.

The U.S. currently gives a tax credit for income taxes paid to foreign governments. What could be fairer?

DAVID R. MARTIN
Atlanta

The Consequential Cop Opposed War on Drugs

Tunku Varadarajan's appreciation of the late former police chief of San Jose, Calif., Joseph McNamara ("A Most Consequential Cop," op-ed, Oct. 12) neglects mention of McNamara's most breathtaking work as an adviser to Law Enforcement Against Prohibition, warning of the counterproductivity of the war on drugs. He said it corrupts police, creates a criminal subculture and unnecessarily destroys families. He viewed the drug war to be as damaging as the militarization of the police.

ED CRANE

Falls Church, Va.

In regard to the letter of Oct. 17, I would like to add that medical records and missing pertinent historical facts and Dr. Amar Dave's subsequent letter of Oct. 25: A professor of internal medicine told us, tongue-in-cheek, that if all else fails, take a history.

STANLEY R. SNOOK, M.D.
Scottsdale, Ariz.

I wholeheartedly agree with Dr. Dave regarding multiple medical histories. Only when several persons of dif-

fering specialties conduct a history and physical, and the health-care providers begin to gather the necessary information to piece together a cogent plan of action.

Patients and their families answer differently to similarly asked questions for myriad reasons of audience, size, shape, pain, forgetfulness, etc. Only when these interviews are compared can discrepancies and inadequacies be addressed.

MARK A. KLAPEKICH, CRNA
Dacula, S.C.

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schools has surpassed \$600 billion. How's that working out? Adjusted state SAT scores have declined at average 3% since the 1970s, as the College Board's Andrew Coulson found in a March report.

The 2014 campaign brings a fresh focus on candidates with fervently held, evidence-free beliefs.

No better news in the international rankings. The Program for International Student Assessment, which tests that in 2012 American 15-year-olds placed in the middle of the pack, alongside peers from Slovakia—which shells out half as much money as the U.S. per student.

Someone might mention Rick to North Carolina Democratic Sen. Kay Hagan, who is blocking State House Speaker Thom Tillis for cutting \$500 million from schools. Per-pupil K-12 spending has increased every year since Mr. Tillis became speaker in 2011, and most of what Ms. Hagan is selling as "cuts" came from community colleges and technical schools, not the local middle school. Mr. Coulson's Cato study notes that North Carolina has about doubled per-pupil education spending since 1972, which has done precisely nothing for the state's adjusted SAT scores.

2. Government spending stimulates the economy. Cash in, point to the \$830 billion 2009 stimulus bill, touted by the Obama administration as necessary for keeping unemployment below 8%. Result: four years of average unemployment above 8%. Federal

more TV than Republicans in government, according to a study conducted by analysis by the Center for Public Integrity. Meanwhile, Mr. Reid's Senate Majority PAC has raised more than \$50 million. As this newspaper has reported, between 2005 and 2011, labor unions—linchpins of the Democratic Party—spent \$4.4 billion on political activity, buying any conservative rival.

3. Raising the minimum wage helps the poor. The president wants to increase the federal minimum wage to \$10.10 from \$7.25, with the tagline "Let's give America a raise." The Congressional Budget Office estimates that the hike would cost 500,000 jobs. The president's logic: It's time to raise the minimum wage, so it's time to help. Employment aside, only 18% of the earnings benefits of a \$10.10 hike would go to people living below the poverty line, according to analysis from University of California-Irvine economist David Neumark.

You might hear that the hike would go to families that times above the poverty line or higher, in part because half of America's poor families have no wage earners. Minimum-wage increases help some poor families—at the expense of other poor families.

You might hear that the hike would go to families that times above the poverty line or higher, in part because half of America's poor families have no wage earners. Minimum-wage increases help some poor families—at the expense of other poor families.

5. Global warming is causing increasingly violent weather. Tell that to Floridians, who are enjoying the ninth consecutive season without a

hurricane. Last fall, The Atlantic hurricane season in 2013 was the least active in 30 years. Oh, and global temperatures have not increased for 15 years.

Still, something must be done! On Monday, the Hill reported that an internal memo circulating among environmental groups detailed plans for spending to support candidates "who believe in the reality of climate change." "We are on track to spend more than \$85 million overall including more than \$40 million in just six Senate races," the memo said. The beneficiaries include Sen. Mark Udall (D., Colo.), who got \$12 million, and Rep. Bruce Braley (Ia.), who got \$10 million.

6. Genetically modified food is dangerous. Farmers have been breeding crop seeds for 10,000 years, but the agricultural innovation known as genetic modification makes liberals shudder. Not a single documented illness has resulted from the twists of "genetically modified organisms" or GMOs, that humans have consumed since the mid-1990s. The technology has been declared safe by every regulatory agency from the Food and Drug Administration to the European Commission.

Even so, on labeling food containing GMOs, a law turned into a liberal cause. The California Democratic Party platform in 2012 added a demand for GMO labeling; more recently the Oregon Democratic Party climbed aboard. In May 2013, self-de-

clared socialist Sen. Bernie Sanders of Vermont introduced a farm-bill amendment that would allow states to require GMO labeling for food; co-sponsors of the amendment, which failed, included Sens. Mark Begich (D., Alaska) and Jeff Merkley (D., Ore.).

7. Voter ID laws are discriminatory. More than 50 states have voter-ID laws, which the left decries as an attempt to disenfranchise minorities who don't have identification and can't pay for it. Yet of the 17 states with the strictest requirements, 16 offer free IDs. The Government Accountability Office, which used an analysis of 10 voter-ID studies, found that the laws had no statistically significant effect on turnout, four suggested a decrease in turnout (generally among all ethnic groups, though percentages varied), and one found an increase in turnout with no effect on turnout.

The Democratic Senate candidate in Kentucky, Alison Lundergan Grimes, has nonetheless been running radio ads in urban areas claiming that "Mitch McConnell and the Republicans are trying to take away our right to vote," based on a 2007 voter-ID amendment that was never adopted.

8. Obama Care is gaining popularity. President Obama said in a speech earlier this month that more Republicans were running against ObamaCare because "it's working pretty well in the real world." Yet the law's approval

carries 25 times the oil tankers that are en route to China, according to Anderson, as noted in these pages, making Keystone and forcing more oil to be shipped by rail guarantees more harm to the environment. But on the campaign trail emotion often overrules the facts, and we have Rick Wessel, the Democratic Senate candidate in South Dakota, who has said he would vote "if I lose because of this issue, so be it." He told the Nation magazine last week (Colorado Sen. Mark Udall is running for re-election after having voted against Keystone in June).

10. Women are paid 77 cents on the dollar compared with men. The mother of all liberal superstitions, this figure comes from shoddy math that divides the average earnings of all women working full-time by the average earnings of all full-time men, without considering career field, education or personal choice. When all factors are included, the wage gap disappears. A 2009 report commissioned by the Labor Department that analyzed more than 50 papers on the topic found that the so-called pay gap "may be almost entirely" the result of choices both men and women make.

Yet the most common argument—"It is morally unacceptable for businesses to pay women less than men do to same work," citing his support for the Paycheck Fairness Act, which might be better titled the Trial Lawyer Paycheck Act. One irony: The Washington Free Beacon did a little number crunching and discovered that women in Sen. Udall's office earn 86 cents on the dollar compared with men. Whoops.

Ms. Bachelder is an assistant editorial features editor at the Journal.

By Jonathan D. Moreno
And Stephen N. Xenakis

Military health-care forces under the U.S. Africa Command have been deployed to assist Guinea, Liberia and Sierra Leone in setting up preventional health services and treatment centers for the Ebola epidemic. The mission of the U.S. military, charged with defending our country's national security, seems to be responding to epidemics that could threaten America and its allies. It has the experience and the infrastructure to do so.

This isn't a novel effort—the military medical system has plenty of experience stopping disease from spreading.

The U.S. Army first sent advance teams to West Africa in 2004 to prepare for potential missions and assist local governments in dealing with Ebola. Military planners have long tracked developments, which could destabilize countries in the region. The military now is helping local authorities build treatment centers, train local health-care providers, and establish and estate infectious command and control of health resources across the region.

In 1995, the U.S. Army established the U.S. Army Public Health Command (formerly the Center for Public Health and Preventive Medicine) to anticipate, identify and monitor health consequences of war and instability. Today combat forces and U.S. military installations around the world have units

The U.S. Military Mission Against Ebola

staffed by veterinarians, public-health technicians, environmental-science officers and physicians to control threats to the health of American soldiers and surrounding populations. Sophisticated medical-intelligence agencies track the emergence of diseases and environmental disasters and changes in environmental conditions that impact security. Military specialists have worked closely for many years with officials from the Department of Health and Human Services and the CDC to protect against SARS, H1N1, and other infectious agents that could threaten U.S. citizens and abroad.

Not unreasonably, Americans worry that U.S. service members may contract Ebola. This risk cannot be avoided, but risk is part of any dangerous mission. Military medicine focuses not only on the health and effectiveness of America's armed forces wherever they serve.

Another worry is that U.S. troops could bring the virus back to our shores. But the military routinely imposes strict constraints on personnel who travel to countries with outbreaks. In the case of Ebola, there is a 10-day window prior to allowing anyone to return to the U.S., which is followed by 21 days of close monitoring. As has been reported, U.S. troops returning from West Africa are already being quarantined in Italy.

In the absence of vaccines or treatments known to be effective against Ebola, the most important goal is to prevent the disease from spreading at its source. The U.S. military medical system has considerable experience in prevention, often under difficult conditions. In the first Gulf War (1990-91), for example, air conditioning was installed in tents to prevent infestation by sandflies whose bite could cause leishmaniasis, a para-

sitic disease that causes fever and ulcers of the skin and gastrointestinal tract. In Panama in 1989 the antibiotic doxycycline was provided to physicians and personnel to prevent leishmaniasis. Training to prevent outbreaks of leptospirosis, a bacterial infection that can cause severe bleeding of the lungs and brain.

The U.S. military was the first to vaccine service members against meningococcal meningitis in 1971. Vaccination against hepatitis A and hepatitis C is now common in U.S. colleges and universities. It also vaccinates all recruits against adenovirus, a disease

that can be fatal in some circumstances. Some of these preventive measures also represented important medical advances in combat zones. Perhaps the most famous case was that of Major Walter Reed's Yellow Fever Commission in Cuba in 1900, which verified that a mosquito was the vector of this disease— one that had caused horrific epidemics since the founding of the United States—and that American soldiers would not be carriers when they returned home.

Although the current mission in West Africa does not include medical research, several experimental Ebola vac-

cines are already under development. The U.S. military facilities in place could serve as vaccination centers once there is a vaccine that's shown to be safe. The U.S. military deployment to this afflicted region could turn out to have inculcable benefits.

Mr. Moreno is a professor of medical ethics and health policy at the University of Pennsylvania and a senior fellow at the Center for American Progress. Dr. Xenakis is a retired Army brigadier general and an adjunct professor at the Uniformed Services University of the Health Sciences.

How Plunging Oil Scrambles Geopolitics

By Brenda Shaffer

The global oil price has dropped by 25% since June, with oil traded in the U.S. hitting \$79.80 a barrel this month, the lowest it has been in four years. Many Western policy makers are pleased that oil prices are down, but oil remains in the ambitions of dangerous oil-dependent actors like Vladimir Putin and Iran. Yet the price drop may have negative consequences, too.

Global oil prices and geopolitics interact like a delicate kaleidoscope. While the price changes significantly, it gets into the geopolitical consequences. The price collapse is also a sign of deeper, disquieting economic trends.

Oil supply has risen thanks to astonishing U.S. crude production, which has increased by more than a million barrels a day in the last year. As oil producers race to push down prices, the price drop has been accelerated by slowing demand, the result of economic decline in major markets, including Germany and China. In the second quarter of 2014, world economic growth slowed to 2.6%, Germany estimates its growth at 1.2% this year, and the World Bank says China's growth will slow to 7.6%.

The greatest impact of lower oil prices will be on states that derive most of their government income from oil exports—especially those that assume a certain oil price in trying to balance their budgets. As oil prices drop well below the expected price, it can be alarming for oil producers with large populations that make it harder to maintain extensive social-welfare benefits and subsidies. The OPEC members rallying for a price-cutting oil cut in production are more-populous countries like Saudi Arabia.

Although some states may be vulnerable to social instability if they are forced to trim subsidies due to the drop in oil prices, Russia is not among the most vulnerable. Its energy and other

subsidies are relatively modest compared with other oil exporters and Russia also has ample reserves, estimated at \$177 billion, in its revenue funds to sustain social and public services.

Iran's regime, which faces great political dissatisfaction and economic difficulties, may even

encounter more substantial challenges.

If oil prices continue to hover around \$80 a barrel through this year, Iran's revenue will drop by about 12%-15%.

Tehran's currency reserves stand at an estimated \$80 billion, however, which will help the regime buy time.

The price drop deprives Putin of revenue for military moves, but Moscow will find other ways to make trouble.

Another consequence of the oil-price fall is that most oil exporters will dip into their sovereign wealth and revenue funds to fund their budgets. Since most of these investments are held outside their countries, this wealth transfer will influence global markets as significant amounts of capital will fly back to the producers.

All of this will have mixed foreign-policy outcomes. It certainly will not prompt Russia to withdraw from Crimea. What it may do is increase Moscow's leverage with Ukraine and renew the gas flows for the winter—supplies that have been suspended since June. Earlier this month, President Putin signaled his readiness to renew gas supplies to Ukraine, although an agreement still has not been reached.

Oil prices will also will deprive Moscow of resources to expand its military interventions. Russia is likely to continue its low-profile interference in neighboring states, as seen when it threatened Moldova with economic

retaliation after Moldova signed the EU Association Agreement in June.

The impact of lower oil prices on economic sanctions against Russia and Iran will also be mixed. There probably won't be much global pressure to remove these two states from the list of countries that are subject to economic sanctions. But the Continent's economic slump means Europe is less likely to support additional and sustained sanctions on Russia.

There will also be consequences from worsening economic trends and the oil-price drop. In periods of austerity, as in Europe, governments never generate from natural gas to coal in markets where coal is cheaper, such as Europe and Asia. This could be bad news in the short term for those hoping to conclude new contracts for U.S. natural-gas exports. It is also bad news for climate-change-prevention policy, which depends on the economy shrinking.

As oil and gas profits plummet, companies will abandon some mega projects and investment in new technologies. Many oil companies, such as Total, are already engaging in major divestment activity and are not likely to do so in the last quarter. The drop in the oil price could also end the trend of delinking oil-price contracts from the price of oil.

In evaluating the potential impact of the drop in the oil price on Russia, Iran and other oil-dependent states, the key thing to remember is that economic stability does not mean foreign-policy behavior. In some cases it has the opposite effect. As with economic sanctions, austerity doesn't always stir people's resentment against their own governments either. It can galvanize them against foreign enemies alleged, and perceived, to be the cause of their economic misery.

Ms. Shaffer is a visiting researcher and professor at Georgetown University's Center for Eurasian, Russian and East European Studies.

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Friday, October 31, 2014 | **A15**

Archdiocese to Pare Down Parishes

By SOPHIA HOLLANDER

In the largest reorganization of the region's Roman Catholic parishes in decades, the New York Archdiocese will consolidate more than 50 of its 368 parishes in the coming months. Cardinal Timothy Dolan announced Thursday.

While some parishes accepted the news as inevitable, others expressed outrage at the thought of moving from church buildings that have marked life milestones, sometimes over generations.

"It's like going home to Mom's for Christmas or Thanksgiving," said G. Stephanie Ali, a parishioner of the Roman Catholic

Church of All Saints in Harlem. A new church community "won't be the same."

Archdiocese officials said they understood that the mergers, which will be outlined in the coming days, might spark strong emotions—even anger—among parishioners. But they insisted the changes were necessary for the church's continued vitality.

"There will be a real sense of grief," Cardinal Dolan wrote in the Thursday column in Catholic New York, adding, "I wish it could be different."

The New York Archdiocese oversees Catholic parishes in Manhattan, the Bronx and Staten Island, as well as throughout

much of Westchester County. The merger announcement was the culmination of a five-year process to re-evaluate the parish system, officials said, which will continue to assess the number of priests dwindling and concentrations of Catholics shifted across the region.

Church officials noted 88 of the parishes—about 24%—operate in Manhattan, formerly a Catholic stronghold in the region. Today about 12% of Catholics live in the borough.

Last year, archdiocese officials recorded 3,946 marriages, 14% fewer than in 2009. The drop in priests has been even more pre-

cipitous: In the 1960s, the church regularly ordained 30 to 40 men annually. In recent years, it has been closer to eight to 10.

The decision to merge parishes was the result of needs of schools of closing, said by the archdiocese. From 2011 to 2013, it closed 50 elementary schools as part of another restructuring plan.

Still, between 2.5 million and 3 million people identify as Catholic within the archdiocese, officials said, and attend a 2009 attending mass on Sundays.

Officials stressed the decisions were made after extensive consultation with each parish, clusters of parishes and a 40-

person advisory committee of clerical and laypeople.

Still, as communities learned over recent months that their parishes might be on the list for closure, some organized rallies and protest events.

Earlier this year, the Call to Action Metro NY, a progressive Catholic nonprofit, said it hosted a workshop on how parishes can fight closures. About 30 to 40 people attended, estimated Art McMonagle, president of the group.

"People were worried that they're going to lose their community," he said.

In response to such concerns,

Please turn to page A17



Cardinal Timothy Dolan

Overwhelming Support for Forced Ebola Quarantines



U.S. Customs and Border Protection officers screen passengers coming into John F. Kennedy International Airport from high-risk locations.

Poll Finds 63% of New Yorkers Approve of Governor's Response to Deadly Virus

By ERICA ORDEN

New Yorkers overwhelmingly support a 21-day quarantine for individuals who have traveled into contact with Ebola patients, regardless of whether they are symptomatic, according to a Wall Street Journal/NBC 4 New York/Marist College poll.

Eighty-two percent said they support such a quarantine, according to the poll, responding to a question that didn't distinguish between people traveling from Ebola-stricken countries and individuals in New York—for example, hospital workers—who may have come into contact with the disease.

The survey represents some of the strongest evidence that New York Gov. Andrew Cuomo was more reflective of public sentiment on Ebola last week when he and New Jersey Gov. Chris Christie announced mandatory quarantines for health-care workers and others traveling to Africa and nations stricken by the disease.

The quarantine policy has been pilloried by public-health experts as not based on sound science and by civil-liberties advocates as a government overreach. The White House has said quarantines were counterproductive.

In Support of Quarantines

Gov. Cuomo's Ebola response

Do you approve or disapprove of how Gov. Cuomo is handling the public health issue of Ebola in New York?

Approve Disapprove Unsure

Adults in state 63% 22% 15%

Quarantine policy

Regardless of whether the person shows symptoms or not, do you support or oppose a 21-day quarantine for anyone who has come in contact with someone with the Ebola virus?

Support Oppose

Adults in state 82% 15% Unsure

Travel ban

Do you support or oppose a ban on travel to the United States from West African countries that have experienced an outbreak of the Ebola virus?

Support Oppose

Adults in state 57% 38% Unsure

Note: Figures don't add up to 100 due to rounding.

Source: WSJ/NBC 4 New York/Marist telephone poll conducted Oct. 26-28 of 1042 New York state adults, margin of error: +/-3.0 percentage points. The Wall Street Journal

tive, and on Thursday, Doctors Without Borders said the protocols would discourage workers from going to West Africa to fight Ebola.

But among New Yorkers, 63%

approve of Mr. Cuomo's response to Ebola, while 22% disapprove, the poll found. When broken down by party affiliation, 71% of registered Democrats and 58% of registered Republicans approve

of the way Mr. Cuomo has handled the matter.

Mr. Cuomo, a Democrat, also maintained a substantial lead among likely voters over his GOP challenger, Rob Astorino, winning 56% of the vote to the Republican's 30%. Green Party candidate Howie Hawkins got 14%.

The poll has a margin of error of three percentage points for the 1,042 adult respondents.

The Cuomo campaign didn't respond to a request for comment. A spokeswoman for Mr. Astorino said he was unavailable.

"This is entirely inconsistent with other polling and what we're seeing on the ground. Even Andrew Cuomo knows he's in trouble, otherwise he wouldn't be spending \$30 million on such outlandish and false negative results."

For ordinary New Yorkers, said Lee Miringoff, director of the Marist College Institute for Public Opinion, Mr. Cuomo's quarantine policy "passes the common sense test."

The general public thinks "the quarantine makes sense, because people are concerned about the spread and they think this will stop that," Mr. Miringoff said.

The debate over quarantines

Please turn to page A17

Few Cases Found by Airport Checks

The federal government has cast a wide net looking for Ebola-infected passengers flying into U.S. airports from West Africa, but the stepped-up testing so far has turned up few suspected cases of the deadly virus.

By Andrew Tangel
Heather Haddon and
Josh Hawley

Of the 1,249 passengers who have undergone enhanced screening this month at five airports, eight had been taken to a medical facility for further evaluation as of Thursday, according to data from the U.S. Department of Homeland Security.

Despite the few cases, many in the U.S. who don't show symptoms remain under watch in case they develop signs of the disease. About 700 people are being monitored such as regular temperature checks across 10 states, officials said. That includes 117 in New York City and about 100 in New Jersey.

In the federal government's

national according to the Homeland Security department, flew into Washington Dulles International, and two into Chicago O'Hare International.

Some health experts said the relatively few potential Ebola cases caught in the screenings showed the inadvisability of making travel restrictions for health-care workers. Such measures by New York and New Jersey last week drew sharp criticism from health experts who feared they would dissuade medical workers from going to West Africa.

"The public anxiety is way out of proportion to the facts," said Irwin Redlener, the director of the National Center for Disaster Preparedness at Columbia University. "Screening people is essential. It's just a question if we are appropriate them or just screening them."

Other experts said the low numbers of potential cases identified here showed that West African nations were doing a good job screening outbound travelers.

The U.S. Centers for Disease Control and Prevention is helping conduct those checks.

"It's horrific that there have been so many cases, but in the scheme of a large population, it's only a small segment who has been exposed," said Rebecca Katz, director of the Center of Health Policy at the Milken Institute School of Public Health at the George Washington University.

Please turn to page A17

Testing Travelers

Government authorities stepped up efforts to limit the spread of Ebola by instituting screenings at five U.S. airports in early October.

Airport	Passengers screened for the Ebola virus	Passengers transported to a medical center
New York JFK	620	0
Washington, D.C. Dulles	349	4
Newark Liberty	124	2
Chicago O'Hare	84	2
Atlanta	62	0
Hartsfield-Jackson		

Note: Figures are for Oct. 22-23.
Source: U.S. Department of Homeland Security

The Wall Street Journal

NEED TO KNOW

Candidates Clash on Gunman Gun Control

ishes in the coming months, Cardinal Timothy Dolan announced Thursday.

While some parishes accepted the future as inevitable, others expressed outrage at the thought of moving from church buildings that have marked life milestones sometimes over generations.

"We're not closing for Christmas or Thanksgiving," said G. Stephanie Ali, a parishioner of the Roman Catholic

emotions—even anger—among Catholics shifted across the region and concentrations of Catholics changed with the changes were necessary for the church's continued vitality.

"There will soon be a real sense of grief," Cardinal Dolan wrote in his Thursday column in *Wish New York*, adding "I wish it could be different."

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archdiocese. From 2011 to 2013, it closed 50 elementary schools as part of another restructuring plan.

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Other parishes' decisions were made after extensive consultation with each parish, clusters of parishes and a 40-

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ZUMA PRESS

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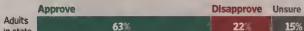
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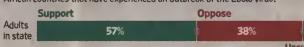
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The Wall Street Journal

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The poll has a margin of error of +/-3.0 percentage points for the 1,042 adult respondents.

The Cuomo campaign didn't respond to a request for comment.

A spokeswoman for Mr. Astorino, Jessica Proud, said: "This is entirely inconsistent with other polling and it's concerning." Mr. Astorino, 41, a former Assemblyman, knows he's in trouble, otherwise he wouldn't be spending \$30 million on such outlandish and false negative ads."

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The debate over quarantines

Please turn to page A17

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The debate over quarantines

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UNCORKING THE CITY | By Lettie Teague

For a Jersey Crowd

What's the difference between New York and New Jersey wine drinkers?

One man may have the answer. After creating some of the best wine lists in Manhattan, and some of the borough's best restaurants, Chris Cannon has staked a sizeable claim in the Garden State.

Mr. Cannon—he is the part-proprietor of New Jersey's Meera, Alto and L'Império, renamed Convivio—opened Jockey Hollow Bar & Kitchen in Morristown last week.

The anticipation has been building for some time as the restaurant, located in the town's historic mansion, took almost four years, 28 partners and \$5 million to open.

The result is an almost-finished masterpiece inside a marble palace. There's an elegant wood-paneled bar reminiscent of a '20s-era speakeasy, a full crudo and oyster bar, and a restaurant. The restaurant is part owner of a New Jersey oyster farm, and several elegant dining rooms. The Rathskevill, a space for private events, and the wine storage area are still under construction.

The menu, by chef Kevin Sippel, who worked with Mr. Cannon at L'Império, could be described as modern American with an Italian emphasis. It's matched to a fairly short wine list—about 150 selections—that Mr. Cannon plans to gradually expand to some 500 selected.

The Jockey Hollow wine list marks Mr. Cannon's first foray into non-Italian wines in a while and he is clearly excited by the expansion, particular with regard to American wines.

"I haven't bought much American wine in the past eight or nine years," he said. "But the wines are much better than they were."

The list includes wines from all over the world, including, of course, Italy. Mr. Cannon has long been regarded as the best champion of Italian wine, particularly the more obscure grape varieties.

Mr. Cannon noted that it isn't that he champions obscurity for its own sake but because those wines represent good value.

"I like wines that are good and wines that are lesser-known are less expensive," he said. "Our job as sommeliers is to find value for customers."

Although the restaurant's managing partner, Mr. Cannon still calls himself a sommelier and remains one every night, he leaves the table-side work to his two-man team, Charles Prusik and Sam Doyle, who now both live in New Jersey.

Mr. Prusik, who moved to Morristown just recently, was on duty the night of my visit.

Cheerful and engaging, Mr. Prusik said the first week of business had gone very well,



Restaurateur and wine impresario Chris Cannon, below, recently opened the Jockey Hollow Bar & Kitchen in Morristown, N.J. Above, the Oyster & Wine Bar dining room there, and a sampling of the bottles, below right.



although the wine list—a collaborative work of the three men—was still literally under construction.

He handed me a dog-eared document, a collection of pages stapled together.

"We thought about dressing it up a little, but thought we'd keep it simple until it's finished," said Mr. Prusik. "Initially, the list will be on an iPad like the menu."

There are quite a few exciting finds of the list, starting with the special "Fifty Under Fifty" section.

The 50 choices are further divided according to style. For example, there are "White Wine-Crisp, Lean & Minerale" and "Red Wine—Elegant, Subtle & Aromatic" and every selection under each category has a short descriptor. The Accordini Valpolicella Classico featured a quote from the late author and journalist Ernest Hemingway, "Dry, red and friendly, like the

house of a brother." Who knew Hemingway was such a good wine writer?

I chose two wines—a white just under \$50 and a red just over \$50 for our group of four.

The white, the 2011 Carusin "Il Carica L'Asino" (\$45), was "a real Chris Cannon wine," Mr. Prusik said.

'Our job as sommeliers is to find value for customers.'

Made predominantly from the almost extinct grape Canica L'Asino, which means "load up the donkey," the wine tasted rich, savory and slightly waxy.

"Very Chenin Blanc-like," noted Mr. Prusik. The red was just as

uncommon and even better—if not quite as goofily named the 2012 Calabretta Extra Rosso from Sicily (\$50). Full-bodied with great complexity and richness, the Calabretta is one of my favorite Sicilian reds and may be one of the best buys in Italy.

Mr. Prusik agreed. "If this wine was from Burgundy, it would be 10 times the price."

There are many other wonderful choices: a terrific Sauvignon Blanc from Germany, the 2012 Von Winning, as well as familiar names from California and France.

Prusik's enthusiasm is contagious, and it's clear how Mr. Prusik thinks New York and New Jersey wine drinkers compare.

Mr. Prusik included me, replying that he finds the New Jersey crowd every bit as receptive and engaged as their New York counterparts.

I have to agree—after all, I'm New Jersey wine drinker myself.



Atmospheric Gourmet for the Wall Street Journal (1)



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Antoine Gramophone for The Wall Street Journal

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From above left: lightly fried cauliflower with bamba and peanut tahini; the Jerusalem bagel with za'atar; and the Avi Bitters cocktail.

HAPPY HOUR | Bar Bolonat

An Irreverent Take on a 'Young' Cuisine

It's difficult to improve upon a fluffy pita dipped into creamy, garlicky hummus, which is perhaps why so few Middle Eastern restaurants try.

But Bar Bolonat in the West Village eschews the predictability of its genre, offering Israeli cuisine that is both delicious and irreverent.

Israeli cuisine, according to chef and owner Einat Admony, is relatively new. "Israel is a young country," she said.

"In New York everybody says 'farm-to-table' or 'seasonal.' In Israel it's always seasonal," added Ms. Admony, who is also behind

Bababoota and the Talm chain of剔骨牛柳

In place of the usual assortment of dips and mezze the menu includes a Jerusalem bagel (a round pastry that is lighter in texture than its namesake) with za'atar, a tangy mix of spices (\$6). Fried eggs dipped in labneh, a yogurt dip, are also not to be missed (\$8).

The restaurant plays with the Israeli snack "bamba," which are like a kind of peanut-flavored Cheetos, with a lightly fried cauliflower dressed in a peanut butter tahini sauce with bamba sprinkled on top (\$15).

Bar Bolonat is not the place to grab a quick drink given that the wait even for a seat at the bar can be more than an hour. The cocktails (\$13) are less predictably delicious than the assortment of small dishes. Try the Avi Bitters featuring vodka, pomegranate molasses, lime and fresh basil, but skip the bland Bustan with gin, orange bitters, apples and lemon juice.

—Laura Kusturo

Bar Bolonat, 611 Hudson St. at the corner of West 12th Street; open daily beginning at 5 p.m.; 212-390-1545; DOH rating: A.



Steve Stern for The Wall Street Journal

CITY NEWS



Rob Astorino, left, visits a Brooklyn church in early October; Gov. Andrew Cuomo, right, on Staten Island this week for a news conference.



Cuomo Maintains Lead Over Astorino

Continued from page A15

has been thrust into the spotlight since New Jersey detailed a returning Doctors Without Borders nurse, Kaci Hickox, for almost three days in a hospital after she registered to travel at Newark Liberty International Airport. Ms. Hickox was released Monday and was expected to self-quarantine at her Maine home, but she has since said she would challenge the policy and took a ride on Thursday.

Jeffrey White, a 52-year-old Brooklyn resident who works in banking, said he supported the quarantines because "I don't think we know everything about how it's transmitted."

"We should be fair to the health-care workers; they made a sacrifice," Mr. White said. "But they should understand that they should make a sacrifice for those who are at home in the United States."

Among the New York residents who don't agree with the mandatory quarantines was Jane Vanthournhout, a medical dietitian who lives upstairs.

"I think they're hitting a fly with a sledgehammer," she said, though she credited Mr. Cuomo for "doing what his constituents think will keep the public safe."

Doug Muzzio, a public affairs professor at Baruch College, said the opponents of the quarantines tend to be professionals and ex-

perts.

"The public-opinion poll deals with a general population that has been saturated with fear-inducing language and images, and they're responding to that—and this is an obvious quote-unquote solution regardless of its health impacts on a clinical scale," Ms. Hickox said.

Mr. Astorino, the Westchester County executive, criticized the governor's response to Ebola on Thursday, calling it "complete chaos."

Mr. Astorino, surprised New Yorkers can even understand what Gov. Cuomo's Ebola policy is since he's changed it so many times," said Ms. Pou in response to the poll.

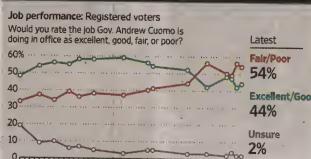
While Mr. Cuomo continues to have a middling job-approval rating, at 44%, his favorability among likely voters is 56%, while Mr. Astorino suffers from both low name recognition and high unfavorable ratings.

On the matter of a travel ban from West African countries—for which Mr. Astorino has repeatedly advocated—New Yorkers were split, with 48% in favor and 47% against racial lines, the poll found.

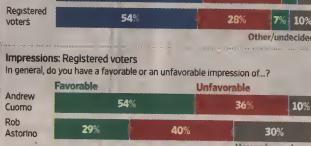
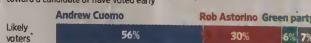
Among the general population, 57% support such a ban and 38% oppose one. Among African Americans, 53% oppose a travel ban, while 64% of white respondents support one.

—Colleen Wilson
contributed to this article.

Trending for Cuomo



Candidate preference
Includes those who are undecided yet leaning toward a candidate or have voted early



Note: Figures don't add up to 100 due to rounding.
Source: WSJ/NBC 4 New York/Marist telephone poll, most recent conducted Oct. 26-28 of 889 New York state registered voters, margin of error +/-3.3 percentage points, and 503 New York state likely voters, margin of error +/-4.4 percentage points.

The Wall Street Journal

Ebola Airport Screenings

Continued from page A15
city's 'pre-screening' process is working."

As of Thursday evening, New York City was monitoring 117 patients, largely those who have traveled from Ebola-stricken countries since Oct. 11.

The list also includes members of the New Hospital Center, Fire Department of New York staff and lab workers who have worked with Craig Spencer, a New York physician with Ebola who recently returned from work in West Africa.

The city said the number was likely to change daily.

Dr. Spencer was listed Thursday in serious but stable condition.

New York Gov. Andrew Cuomo has softened the state's stance on quarantines, announcing that quarantined travelers would be allowed to travel on.

Mr. Cuomo and New York City Mayor Bill de Blasio on Thursday announced a program offering financial incentives and employment protections to encourage health-care workers to travel overseas.

State officials have defended their quarantine protocols. A New Jersey health official said the state had expected the number of quarantined people would

be small, but that wasn't an indication of its effectiveness.

"It is important to remember that a single asymptomatic person using public transportation could potentially expose hundreds of others," the official said.

The CDC says Ebola can only be contracted through direct contact with bodily fluids of an infected person.

For all of the attention to health-care workers, relatively few—34, or 3% of 1,004 passengers returning from the West African countries Oct. 11-27 were health-care workers, according to the CDC.

Still, quarantines have rattled medical professionals. Kwan Kew Lai, a doctor who is working with a nongovernmental organization treating Ebola patients in Liberia, said she was considering leaving her trip home to Boston for a longer time. Dr. Lai said she already planned to isolate herself from patients for 21 days upon her return, but she didn't want to be treated like Ms. Hickox.

"At all possible I would prefer not entering the U.S. through JFK or Newark," said Dr. Lai, who in the U.S. works as a physician at Beth Israel Deaconess Medical Center in Boston.

Clash on Common Core

Continued from page A15

"If we continue to use the Common Core and it's well-supported, students will be better thinkers, writers and citizens, which is the purpose of public schools," says Barbara Lawrence, an eighth-grade history teacher at the East Bronx Academy for the Future.

A Gallup poll in September found that among parents of U.S. public school students in grades K-12, 43% viewed the standards negatively and 33% positively; another third weren't familiar or had no opinion on the matter.

Mr. Astorino also says that he wants to change the way the education commissioner is picked—by having the governor make the appointment, with approval by a majority of the regents.

The Legislature now elects the 17 regents, who tap the com-

missioner to enact their policies. Mr. Astorino wants to revamp the system by having regional districts elect their own regents.

"The education commissioner should be accountable to someone, arguably the governor, so the bus is with him," said Mr. Astorino's spokeswoman, Jessica Proude.

Mr. Cuomo's campaign said he would be open to changing the process for selecting regents, but the Legislature hasn't wanted to lose that authority.

Mr. Astorino says he wants to make charter schools, which are publicly funded and independently operated. Critics say charters divert resources from regular district schools.

Mr. Astorino says charters give more choices to parents of children who are attending failing schools.

Mr. Cuomo has said they create valuable competition.

Off to the Races



GEARING UP: Runners on Thursday after getting their bib numbers for Sunday's New York City Marathon.

GREATER NEW YORK WATCH

NEW YORK

MTA TROLLEY PEDESTRIAN
A Metropolitan Transportation Authority bus struck and killed a man in his 40s at Wyckoff Avenue and Palmetto Street in Brooklyn on Thursday morning, New York City police said.

It was the sixth pedestrian accident in the city to result in a bus this year, according to the authority. An MTA spokesman said seven pedestrians were killed by its buses last year.

An MTA spokesman said the authority has undertaken a variety of safety initiatives aimed at protecting pedestrians, including increased training for bus drivers.

The fatal bus-pedestrian accident in New York City followed another in Newark on Wednesday, when an NJ Transit bus struck and killed 37-year-old Anthony Rivera of Newark, a spokesman for NJ Transit said.

Friday after jurors Thursday told the judge they needed more time.

The jury sent a note Thursday afternoon to state Supreme Court Justice Charles Solomon asking their deliberations be adjourned early because they wouldn't reach a verdict and "were exhausted."

Ms. Johnson has admitted killing her 8-year-old autistic son in 2010 in a Manhattan hotel. She is charged with

GRAND FINALE

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UNPRECEDENTED OPPORTUNITIES

Cuomo Maintains Lead Over Astorino

Continued from page A15

has been thrust into the spotlight since Ms. Cuomo detained a man, turning Doctors Without Borders nurse Kaci Hickox, for almost three days in a hospital after she registered a fever at Newark Liberty International Airport. Ms. Hickox was released Monday and was expected to self-quarantine at her Maine home, but she has since said she would challenge the policy and took a bike ride on Thursday.

Jerome White, a 59-year-old Brooklyn resident who works in banking, said he supported the quarantines because "I don't think it's a big deal" thinking about how it's transmitted.

"We should be fair to the health-care workers; they made a sacrifice," Mr. White said. "But they should understand that they should make a sacrifice for those who are at home in the United States."

Among the New York residents who don't agree with the mandatory quarantines was Jane Vanethell, a hospital dietitian who lives upstairs.

"I think they're hitting a fly with a sledgehammer," she said, though she credited Ms. Cuomo for "doing what his constituents think will keep the public safe."

Doug Muzzio, a public affairs professor at Baruch College, said the opponents of the quarantines tend to be professionals and ex-

perts.

"The public-opinion poll deals with a general population that has been saturated with fear regarding language and images, and they're responding to that—and this is an obvious quote-unquote solution, regardless of its health impacts or its civil liberties impacts," Mr. Muzzio said.

Mr. Astorino, the Rockchester County executive, criticized the governor's response to Ebola on Thursday, calling it "complete chaos."

"I'm surprised New Yorkers can even understand what Gov. Cuomo's Ebola policy is since he's been so vocal about it," said Ms. Proulx in response to the poll.

While Mr. Cuomo continues to have a middling job-approval rating, at 44%, his favorability among likely voters is 56%, while Mr. Astorino suffers from both low recognition and high unease.

On the matter of a travel ban from West African countries—for which Mr. Astorino has repeatedly advocated—New Yorkers were less enthusiastic, and split along racial lines, the poll found.

Among the general population, 49% said they supported a ban, 38% oppose one. Among African Americans, 53% oppose a travel ban, while 64% of white respondents support one.

—Colleen Wilson
contributed to this article.

Trending for Cuomo

Job performance: Registered voters
Would you rate the job Gov. Andrew Cuomo is doing in office as excellent, good, fair, or poor?



Candidate preference
Includes those who are undecided yet leaning toward a candidate or have voted early



Impression: Registered voters

In general, do you have a favorable or an unfavorable impression of...?



Note: Figures don't add up to 100 due to rounding

Source: NBC News/Wall Street Journal/Los Angeles Times poll, most recent conducted Oct. 26-28, 4,880 New York state registered voters, margin of error +/- 3.3 percentage points, and 563 New York state likely voters, margin of error +/- 4.4 percentage points.

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It was the sixth pedestrian struck and killed by an MTA bus this year, according to the authority. An MTA spokesman said a driver was killed by a bus last year.

Transportation Alternatives, an advocacy group, called on the MTA to "immediately become full partners" with New York City Mayor Bill de Blasio's "Vision Zero" plan to reduce traffic deaths.

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—Andrew Tangel

MANHATTAN
JURY REQUESTS MORE TIME
Jury deliberations in the criminal trial of Gigi Jordan were scheduled to continue

Friday after jurors Thursday told the judge they needed more time.

The jury sent a note Thursday afternoon to state Supreme Court Justice Charles Solano, asking that their deliberations be adjourned early because they wouldn't reach a verdict and "were exhausted."

Ms. Jordan has admitted killing her 8-year-old autistic son in a Newark Holiday Inn hotel. She is charged with murder in the second degree, though jurors also can consider a charge of manslaughter on the basis of state law that she suffered from an "extreme emotional disturbance."

—Yoni Bashan

Archdiocese Plans to Merge Parishes

Continued from page A15

Archdiocese officials said they would merge parishes, not close them. They also explained this raised several questions that will need to be hammered out in coming months. They include which priest would be official pastor, which church would be used in what activities and the names of the new parish.

"At this point, we don't know the answers," said spokesman Joseph Zwilling.

Ms. Ali would have no problem welcoming new parishioners to All Saints, the landmark Hamlet church she has attended for the past 16 years, she said.

But initial plans suggested her congregation would move to a nearby church in Harlem. "The church would be looking at the parishes as though they're business units," she said. She criticized policies she said have hamstrung All Saint's ability to raise funds. Efforts to rent a vacant school building and renovate it into a parish property have been rebuffed, she said.

Mr. Zwilling declined to comment.

In Midtown, Church of the Holy Innocents was quiet on Thursday afternoon, with a half-dozen parishioners in prayer.

"This is growing, this commun-

nity, this is Times Square," said John Azzarelli, the church's 70-year-old director of outreach. "The church is a white stone church, which hosted Eugene O'Neill's baptism in 1888, has operated with a 5% to 20% surplus the last seven years, said a member of the parish finance committee, who declined to give his name. Attendance is growing, several officials said.

Mr. Azzarelli said he sees miracles every day in the church, and it is a refuge for people with no place to go. "They come here, they find solace."

—Thomas MacMillan
contributed to this article.

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queuing to get a cab and calling after him to remain at home.

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Continued from page A15

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ing schools.

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ate valuable competition.

More Move to South Williamsburg's Broadway

Restaurant goers have long been making the journey to Brooklyn's South Williamsburg for steak, but a throng of venues have joined Peter Luger's Steak House to lure more people to the street.

The stretch of Broadway just south of the Williamsburg Bridge in Brooklyn has picked up steam with a cluster of bars, restaurants, entertainment and other venues catering to the expanding residential population in recent years. Unlike the north area around the Bedford Avenue L subway stop, South Williamsburg is attracting a slightly older, more sophisticated crowd.

Since Peter Luger's opened in 1887, the added arrivals to the portion of Broadway running from Kent Avenue along the water the Driggs Avenue on the east, have been a long time coming. Last year, Andrew Tarlow opened his first Broadway restaurant, Diner at 85 Broadway, in 1998, which he followed with Marlow & Sons at 81 Broadway in 2004 and Marlow & Daughters at 95 Broadway in 2009. Patrizia's Pizza and Bar at 85 Broadway also opened in 2009.

Pupular pizzeria Motorino, was opened at 139 Broadway in June 2013 by chef and owner Mathieu Palombino. He said the original location was in a space on Graham Avenue in Williamsburg in 2006 and closed because of structural problems with the building.

Mr. Palombino, who also has a Motorino location in the East Village, said he definitely wanted to stay in Williamsburg, but prefers the southern side.

"It's a little bit less of a circus here" than north Williamsburg, he said. "Along this little stretch there is some cool stuff," said Mr. Palombino.

Donna Cocktail Club, at 27 Broadway, opened in 2012 after an electrical fire caused it to close for seven months.

Owner Leif Huckman opened Donna in April 2012, and said he wanted to establish a venue in the neighborhood after working at Marlow & Sons and his own bar.

"I would get off work... and didn't think there was a great bar you could go to after dinner around here," said Mr. Huckman. "For me, Broadway was like the restaurant row of Brooklyn; there wasn't a great social bar to compliment that."

Mr. Huckman compared the area with Tribeca, and said the population of established creative professionals has set the tone for the bars and restaur-



Several types of venues now populate Broadway in South Williamsburg. Clockwise from top left: Marlow & Daughters butcher shop; the Williamsburg Bridge seen from Broadway; Baby's All Right; the old Williamsburg Savings Bank that is now event-space Weylin B. Seymour; Urban Market of Williamsburg.



ments appearing on Broadway.

At 149 Broadway, chef Polo Dobkin opened his first restaurant, MeadowSweet, in June. The space had previously been home to Dressler, a restaurant in business between 2006 and 2012 where Mr. Dobkin was executive chef.

"At that point in Williamsburg, there was a dearth of restaurants with aspirations," said Mr. Dobkin. "I spent most of my time cooking in Manhattan, and Brooklyn lacked dining of a Manhattan caliber."

While working at Dressler, Mr. Dobkin got to know the

building's owner, who then approached him to open his own restaurant in the space.

Mr. Dobkin signed a 20-year lease, and MeadowSweet, which serves new American cuisine with a strong Mediterranean flavor and recently was awarded a Michelin star.

"Its proximity to the bridge was attractive," he said of 149 Broadway. "You see much more foot traffic and you hear foreign accents now, there is tourists now coming here and staying on Airbnb."

At 157 Broadway at Driggs Avenue, the old Williamsburg Savings Bank reopened in late

2013 as an event space called Weylin B. Seymour.

In December, an upscale grocery store owned by Key Food called Urban Market of Williamsburg opened at 11 Broadway.

The 16,000-square-foot store is on the ground floor of a mixed-income mixed-use building that was completed in April 2013 by L+M Development, which also joined with New York City's Housing Development Corporation and finance partners Goldman Sachs and Citibank.

A year ago, Billy Jones and Zachary Mexico, who previ-

ously booked music talent at Planos on the Lower East Side, opened their own 5,000-square-foot bar, restaurant and music space called Baby's All Right at 146 Broadway, near the corner of Bedford Avenue.

Mr. Jones said that in their first year, they have held events for an HBO "Girls" wrap party and for "Saturday Night Live" on February 29, Opening Ceremony, Tumblr and Columbia Records.

"We've both been living in the area for a while and knew that north Williamsburg was oversaturated," said Mr. Jones.

Corcoran Group broker Stephen Barlow said the price gap between Williamsburg's north and south sections is disappearing.

Developers can expect to pay roughly \$14 million for a two-bedroom condo, and between \$800,000 and \$900,000 for a one-bedroom in either neighborhood, which, for the south side, is about 8% to 9% higher than this time last year, according to Ms. Barlow.

Prospective tenants pay on average \$5,000 for two bedrooms and \$3,200 for one.

"Broadway has become a destination," said Ms. Barlow.

ARTS & ENTERTAINMENT

JAZZ SCENE | By Will Friedwald

Spooktacular Stomps for Halloweekend

Joshua Redman Trio

◆ The Vanguard
175 Seventh Ave. South, (212) 255-4037

Through Sunday

Whereas the taurian previous album, "The Shadows" (2013), showcased his romantic side, the new release, "Tones Live" is Mr. Redman at his most aggressive.

Even the one ballad on the new album, "Never Let Me Go" one of the greatest love songs ever written, is delivered with great heartfelt emotion but without the slightest touch of sentimentality. The trio format invariably invites to comparison to Sonny Rollins, yet Mr. Redman trembles not, even encouraging said competition by including "Mack the Knife." And here are one of the few musicians to play that German show tune in the spirit of Sonny rather than Louis. His own originals are rock solid, as is his interpretation of Monk's "Trinkle, Tinkle," as they doubtlessly will be at the Vanguard in the company of bassist Reuben Rogers and drummer Greg Hutchinson.



Dan Levinson

The Saloon: Halloween Stomp

◆ The Saloon
4 W. 43rd St., <http://www.thesalon.biz>

Harlem Halloween

◆ Minton's
205 W. 18th St., (212) 243-2222
Both events on Friday
The choice is yours. This Hallowe'en night, there are two costume parties with live jazz bands and heavy emphasis on swing dancing. In Times Square, the Saloon presents a spooktacular

multiple-band, all-night extravaganza starring that cadaverous clarinetist, Dan "Leatherface" Levinson and his Hot Phantoms, featuring that swinging sceptor, Ms. Molly "The Murderess" Roach, and the likes of the Avalon Jazz Band, as well as saxophonist Adrian "The Creep" Cunningham and his Old School. Meanwhile, uptown, the legendary venue Minton's is presenting JC "Horror Show" Hopkins and his full Bigband band. It's a regular New York Haunted Jazz Festival.

Events are growing so ambitious

that they're really evolving into a kind of site-specific immersive theater. This event is a rare chance to dance to the outstanding

Paragon Ragtime Orchestra as well as the enter-entertainer Drew Nugent's Midnight Society. There are also fortune tellers and a spiritualist.

John Pizzarelli and Jessica Molaskey, "Grown Up Songs"

◆ The Carlyle
35 E. 76th St., (212) 744-1600
Through Tuesday

Guitarist-singer John Pizzarelli's trademark description of his highly musical family (which includes his wife-singer actress Jessica Molaskey, his son Matt Pizzarelli and their father jazz guitar legend Bucky Pizzarelli) is "the Von Trappes on martinis." They're also a versatile family, so much so that when Ms. Molaskey was unable to perform on the second night of this four-week run due to a minor injury, Mr. Pizzarelli Sr. stepped in as a replacement.



Members of the Preservation Hall Jazz Band in New Orleans in 2013.

Preservation Hall Jazz Band, plus Allen Toussaint & Musi Hall of Williamsburg

65 N. Sixth St., Brooklyn, (718) 486-5400
Saturday

The venerable, 52-year-old hot jazz institution hereby makes the following vow, as God is their witness: Everything they do gonna be funky from now on! This all-star double bill illustrates the joint conviviality of music from the Crescent City, wherein jazz merges with R&B so closely that no one notices the difference. The Preservation Jazz Band has already demonstrated that they can write their own original tunes as well as ancient jazz warhorses, which further illustrates the compatibility of the two. Teaming with New Orleans's greatest currently active songwriter, whose music is equally welcome in the French Quarter, Harlem, Motown and Nashville. Plus, as the climax of a Hallowe'en weekend of excessive partying, a little "Java" and "Whipped Cream" are precisely what you'll need.

Getty Images

HEARD & SCENE

Giving and Barely There Gowns at Gala

By MARSHALL HEYMAN

LOS ANGELES—There was a lot of money being thrown around this year because it honored the fashion designer Tom Ford.

"We honor him for doing good and making us look good," said Rihanna, who didn't seem to be wearing an outfit by Mr. Ford. Her dress, like Miley Cyrus's and Michelle Rodriguez's, was barely there.

In terms of the money being thrown around, it's hard to say if it was actually about raising funds for an AIDS cure, impressing Mr. Ford, or just another competitive Hollywood sporting event.

Sharon Stone, who is a regular Amfar auctioneer, set the tone for the proceedings. She said that she once sold the opportunity to see what Rod Stewart was wearing under his kilt, and when Calvin Klein was in the audience, she found someone to pay to see if he had Calvins on.

"I've sold the clothes off my back and worn a tablecloth and then sold and signed that tablecloth," she said. "I have gone home barefoot, but never ashamed. It's really fun. I'm going to take your money."

Then the live auction began. It was not too often that, at a party like this, you hear, "OK, Mr. Ford's at 140." And you go to 150, 160, 170, 180, 190, 200. Mr. Big Cheese, how's 250?"

Eventually, this escalated to Ms. Cyrus paying \$300,000 for a Ryan McGinley photo of a naked woman. Rihanna followed suit by buying a pair of Harry Winston earrings for \$35,000, and then a small package offered by Mr. Ford for another few shekels.

Then Ms. Cyrus pledged another \$200,000 to the charity, while Rihanna and Mr. Ford offered an additional \$100,000 each.

"The Viva Glam girls know how to roll," said M.A.C.'s John



Rihanna and Rita Wilson, above, at the Amfar inspiration gala in Los Angeles, seen at left. Below, from left: Florence Henderson; January Jones; honoree Tom Ford, Sharon Stone, who helped lead the auction, and Justin Timberlake; and actress Camilla Belle.



Dempsey, who used Wednesday to announce Ms. Cyrus as the cosmetics brand's latest representative.

"I'm a little drunk, that's why I'm half a million deep," said Ms. Cyrus, who, in a more serious moment, explained that she didn't come to the party expecting to donate so much money.

"I do this sort of thing sometimes," the "Wrecking Ball" singer said. "I like to start things up, to get it going, to get people involved." If she bisa, she added, other people

might, too.

Is it too cynical to wonder if the money she was playing with was her own or from corporate backing? Maybe. But the display of wealth even left Gwyneth Paltrow, the evening's most prominent ceremonies, rather speechless.

"Miley Cyrus has so much more money than I do," said Ms. Paltrow.

Other guests at the party included January Jones, Rita Wilson, Justin Timberlake, Rita Moreno, Milla Jovovich, Florence Henderson, Alex Pet-

tyer, Camilla Belle, Patricia Arquette, Lea Michele and television producer Michael Patrick King and his various muses—Beth Behrs, Kat Dennings, Kristin Davis and Lisa Kudrow. The show's delayed second season of "The Comeback" returns Nov. 9 on HBO.

Also in the crowd: New Yorkers Alessandra Ambrosio, Kiehl's President Chris Salgardo, L'Oréal's Carol Hamilton and Kenneth Cole, Amfar's chairman of the board. There were also oversize, light-up

bottles of Belvedere vodka personalized for Rihanna and Ms. Paltrow. Mr. Timberlake took a photo of Ms. Paltrow's with hers.

Taking her job for the evening seriously, Ms. Paltrow posed for a photo with a friend and asked Chris Martin to perform with his Coldplay lead guitarist, Jonny Buckland. This led Ms. Stone to describe Ms. Paltrow as having particularly strong "inner and outer beauty, because of the fact that you get along with your ex-husband."

Mr. Martin said that Mr. Ford had told him "if only half the band is coming, you can only have one tuxedo. So I'm wearing the jacket, [Jonny's] wearing the shirt. He got the pants, and I'm wearing the shirt."

The evening closed with an additional performance by Diana Ross, but not before Mr. Ford spoke about his experience in the 1980s and 1990s with friends dying of AIDS.

"If I close my eyes," said Mr. Ford, "I can still feel the panic and fear."



Kylie Osbourne at the Amfar afterparty; the evening raised more than \$3 million for the Foundation for AIDS Research.



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Preview October 31–November 4

HIGHLIGHTS EXHIBITION
Modern British and Irish Art
October 31–November 4

19TH CENTURY EUROPEAN PAINTINGS
Wednesday November 5, 1pm
Preview November 1–5

PREVIEW HOURS
October 31–November 2:
12pm–5pm
November 3: 10am–7pm
November 4: 10am–5pm
November 5: 10am–1pm

AUCTION APPRAISAL EVENTS
Wednesday
8:30am to 12:30pm



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Clockwise from above left: the mistress of ceremonies, Gwyneth Paltrow; Lisa Kudrow; Michelle Rodriguez and Mohammed Al Turkil.



David Copperfield and his wife

ABT
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Tomorrow @ 2pm & 8pm
Sunday @ 1pm & 6pm

Highlights include works by Alexei Ratmansky, Twyla Tharp, Christopher Wheeldon, Marius Petipa, Jiří Kylián and a WORLD PREMIERE by Liam Scarlett.

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No refunds or exchanges. S. Abrera and C. Gómez in Royal in Beach. Photo by Gene Schiavone.



HENRY MOORE O.M., C.H.
Working Model for Reclining Figure: Bone Skirt
bronze, 27 x 10 x 10 in. (68.5 x 25.4 x 25.4 cm), 1977-79
\$600,000 - \$800,000
The Estate of Lauren Bacall
Reproduced by permission of
The Henry Moore Foundation

ELEANOR FORTESCUE-BRICKDALE (1871-1945)
Botticelli's studio: The first visit of Simonna presented by
Guilio and Lorenzo de
Medici. The painting was
29 1/2 x 49 3/4 in.
\$200,000 - 300,000

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SPORTS

Knicks Spoil LeBron's Homecoming

New York Surprises
Cavaliers, James in
Cleveland Return

By CHRIS HERRING

After Wednesday's season-opening blowout loss to the Chicago Bulls, the Knicks would have been the last team anyone would have expected to get blown out again on Thursday when they visited Cleveland for LeBron James's first game back as a Cavalier. In fact, many probably expected that outcome against a Cavaliers club that was also bolstered in the off-season by the return of All-Star forward Kevin Love and is a legitimate NBA title contender.

Nevertheless, the Knicks flipped the script in Cleveland, spoiling James's homecoming and silencing the euphoric Cleveland faithful with 95-90 victory, their first of the season.

After falling behind early in the game, New York surged ahead in the second half and then withstood several Cleveland comebacks down the stretch. Each time the Cavaliers got within double digits, the Knicks, led by Carmelo Anthony (25 points, six assists) and J.R. Smith (11 points, seven assists), seemed to come up with a huge basket to preserve the lead.

The game was, in fact, the opposite of what many expected, day in Madison Square Garden, where the Knicks (1-1) didn't appear all that comfortable trusting in their new triangle offense.

Frequently in that game, the Knicks broke their play calls to go into one-on-one sets instead. That happened at times on Thursday, too, but not nearly as



On the night of LeBron James's return to the Cleveland Cavaliers, Carmelo Anthony and the New York Knicks emerged with a surprising win.

much. In fact, the Knicks finished with 30 assists as a team, more than they had in any game during last season's disappointing 37-45 campaign.

Making the effort even more impressive: The Knicks were without starting point guard Jose Calderon, who was ruled out for the next two to

three weeks with a strained right calf that had re-aggravated late in the preseason.

New York was solid offensively against Cleveland, shooting 54% and spreading the ball around. But the defense was impressive, too, as the Knicks held James to his lowest rust or nervous in his return to Cleve-

land, to just 17 points, on a dismal 5-of-18 shooting. James, the Akron, Ohio, native and four-time MVP, uncharacteristically committed eight turnovers, and the Knicks had far more trouble defending Love (19 points, 14 rebounds) and Cavs guard Kyrie Irving (22 points, seven assists).

The Knicks looked out of sorts

early on, as if they might lose control of the game the same way they did against Chicago. But they recovered nicely, given how long it took to learn the triangle offense.

Asked about the team's offensive struggles, "We're going somewhere," he said. "But at the beginning of where we're going, it's going to be difficult to get wins."

But on Thursday in Cleveland, with the offense clicking and the defense getting timely stops, the Knicks showed they can win games on big stages. The rough patches will surely come this season, but the win over the Cavaliers will be a nice one for the Knicks to hang their hat on for a while.

minutes with a pair of three pointers that cut the deficit to just one score. But Anthony and Smith answered with baskets of their own.

The early-season victory should serve to ignite a team that doesn't possess an abundance of individual talent, and is still clearly a work in progress as it seeks to implement a challenging offensive system and new defensive schemes under rookie head coach Derek Fisher.

Aside from these challenges, five of New York's next six games come against teams that made the postseason last year, meaning the Knicks won't have an easy go of it while Calderon is out. Fisher, though, is young and perhaps more important, his knowledge of the triangle offense, will make his absence difficult to overcome. Against the Bulls on Wednesday, the Knicks shot just 37% from the floor and often looked lost when trying to get into the set plays.

"Not ready for showtime, were we guys?" team president Phil Jackson said after the loss to the Bulls. But he suggested that he wasn't especially surprised with the loss, given how long it took to learn the triangle offense. Fisher, though, was when asked about the team's offensive struggles. "We're going somewhere," he said. "But at the beginning of where we're going, it's going to be difficult to get wins."

But on Thursday in Cleveland, with the offense clicking and the defense getting timely stops, the Knicks showed they can win games on big stages. The rough patches will surely come this season, but the win over the Cavaliers will be a nice one for the Knicks to hang their hat on for a while.

Giants' Offensive Medicine Has Big-Play Side Effects

By ALEX RASKIN

EAST RUTHERFORD, N.J.—New offensive coordinator Ben McAdoo and his West Coast school have proven to be the antidote for whatever ailed quarterback Eli Manning and the Giants' offense last season.

A year after logging a league-high 27 interceptions and a dismal 57.5% completion mark, Manning has 15 career picks and 14 touchdowns this season, and he's completed a remarkable 64% of his passes.

But before the offense can be given a clean bill of health, the 3-4 Giants must deal with the obvious side effects. When Manning was the Bowline 2011, he averaged a career-best 8.83 yards per completion, thanks largely to the emergence of receiver Victor Cruz, who has three touchdown catches of more than 70 yards this season.

With Cruz out for the season, Manning's average completion is down to just 6.99 yards, and the Giants have registered only 20 plays of 20 yards

or more—tied for 30th in the NFL.

"We need more big plays, especially with Vic out," receiver Odell Beckham said. "We need some guys to step up and make those big plays. It's kind of frustrating."

The problem cannot be ex-

A lack of big plays can't be explained away by Victor Cruz's absence.

plained away by Cruz's absence, although he did have seven plays of 20 yards or more before suffering a knee injury in mid-September. The Giants' condition in Philadelphia on Oct. 12.

McAdoo can call for deeper routes and Manning can throw the ball downfield more than he has, but the elusive big play is really about the small things like holding the ball longer and running better routes.

"There's nothing you can do in terms of, 'Oh, we need to get a big play,'" said left tackle Will

Beatty. "That's not your mentality. Your mentality is to do the little things right and keep eating away at that clock, keep eating away at that defense, firing them out. You're going to break the big play."

That was famously the case for Manning and Cruz in Week 16 of 2011, when Cruz caught a 10-yard pass and was the rest of the way for a 99-yard touchdown against the 49ers, leading the Giants into the playoffs. It was also the case this season in a Week 3 win over Houston, when the two connected on a short pass over the middle that resulted in a 61-yard gain.

To coach Tom Coughlin, only the West Coast school can explain why he has talked with his team about "playing above the Xs and O's," a concept that Manning sees as significant.

"Sometimes you get to the end of the possession and it's one play after another. You did [so] you have to scramble around, and receivers have to create some. You don't want

to get into that every single play. You don't try and do something that is not part of the play or the scheme. It's just a guy going in and executing a play and making an extra block. Someone doing something to create a big play."

The Giants' offense could turn to the defense for some helpful pointers. The defense has allowed 35 plays of 20 or more yards this season, which is the most in the three NFL eras. Think you'll get any easier on Monday night when they host the 5-3 Indianapolis Colts, who have a league-high 44 plays of at least 20 yards.

Offensive coordinator Ben McAdoo and Eli Manning have managed only 20 plays of 20 yards or more.

Offensive coordinator Ben McAdoo and Eli Manning have managed only 20 plays of 20 yards or more.

Good news: The Colts' defense has yielded 32 such plays (tied for 24th), and is coming off a loss to Pittsburgh, in which it allowed 31 points and a whopping 630 total yards.

"I'd like to have 639 yards of total offense," Coughlin said, "thank you very much."

Vick Limits Picks, Replaces Them With Fumbles

By STEW WOO

FLORHAM PARK, N.J.—Earlier this week at practice, new Jets starting quarterback Michael Vick was working on a drill that even high schoolers do. With a football clutched in both hands, he shuffled backward as if preparing to pass while backs-up Geno Smith and Matt Simms, as well as two coaches, slapped at the ball and tried to jar it.

"It's a drill," said the coach.



QB's on the Tarmac
Comparing Geno Smith's career statistics with Michael Vick's

	Smith	Vick
24	Games	134
55.9%	Comp. %	55.0%
19	Pass Tds	128
31	INTs	86
14	Fumbles	95
6	Fumbles lost	36
7	Rush Tds	36
21.0	Rush yds/game	44.4

**THIS DAY IN N.Y.
SPORTS MISERY**

1975

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land, to just 17 points on a dismal 5-of-15 shooting. James, the Akron, Ohio, native and four-time MVP, uncharacteristically committed eight turnovers, and the Knicks had far more trouble defending Love (19 points, 14 rebounds) and Cavs guard Kyrie Irving (22 points, seven assists).

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early on, as if they might lose control of the game the same way they did against Chicago. But they recovered nicely and trailed by just two, 44-42, at halftime.

After the Knicks stretched their lead to 10 points in the fourth quarter, Cleveland made things interesting in the closing

minutes, will make his absence difficult to overcome. Against the Knicks on Wednesday, the Knicks shot just 37% from the floor and often lost control when trying to get into their sets.

"Not ready for showtime, were we guys?" team president Phil Jackson said after the loss to the Bulls. But he suggested that he wasn't especially surprised by the loss, given how long it takes to build a triangle offense. Fisher seemed to agree when asked about the team's offensive struggles. "We're going somewhere," he said. "But at the beginning of where we're going, it's going to be difficult to get there."

But on Thursday in Cleveland, with the defense clicking and the defense getting timely stops, the Knicks showed they can win games on big stages. The rough patches will surely come this season, but the win over the Cavaliers will be a nice one for the Knicks to hang their hat on for a while.

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A year after lagging a league-high 27 interceptions and a dismal 57.5% completion mark, Manning has tossed five picks and 14 touchdowns this season, and he's completed a remarkable 64.9% of his passes.

But with the offense can be given a clean bill of health, the 3-4 Giants must deal with the obvious side effects. When Manning was leading the franchise to the Super Bowl in 2011-12, he averaged a career-best 8.8 yards per completion, thanks largely to the absence of receiver Victor Cruz, who had three touchdown catches of more than 70 yards that season.

Now, with Cruz out for the season, Manning's average completion is down to just 6.99 yards, and the Giants have registered only 20 plays of 20 yards

or more—tied for 30th in the NFL with the 1-7 Jets.

"We need more big plays, especially with Vic out," receiver Corey Washington said. "We need some guys to step up and make those big plays. It's kind of frustrating."

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A lack of big plays can't be explained away by Victor Cruz's absence.

plained away by Cruz's absence, although he did have seven plays of 20 yards or more before suffering a torn patellar tendon in Philadelphia on Oct. 12.

McAdoo can call for deeper passes, but that only allows the ball downfield more often than has, but the elusive big play is really about the small things: running blocks longer and running better routes.

"There's nothing you can do in terms of, 'Oh, we need to get a big play,'" said left tackle Will

Beatty. "That's not your mentality. You're mentality is to do the little things, right and keep earning away at that clock, keep earning away at that defense, tiring them out. You're going to break the big play."

That was famously the case for Manning and Cruz in Week 16 of 2011, when Cruz did the heavy work and ran the rest of the way for a 99-yard touchdown against the Jets that helped vault the Giants into the playoffs. It was also the case this season in a Week 3 win over Houston, when the two connected on a short pass to Cruz, who then resulted in a 61-yard gain.

To coach Tom Coughlin, the West Coast scheme is only responsible for so much. That's what he has talked with his team about "playing above the Xs and O's," a concept that Manning sees as "kind of like a game plan."

"Sometimes you get to the end of the progression and no one is open," Manning said. "You have to go to the pocket, you have to scramble around and receivers have to break off their route. They have to create some. You don't want

to get into that every single play. You have to do something that is not part of the play or the scheme. It's just a guy making an extra effort or a guy making an extra block. Someone doing something to create a big play."

The Giants' offense could turn to the defense for some helpful pointers. The defense has allowed 35 plays of 20 or more yards this season, which is more than all but three NFL teams. Things won't get any easier on Monday night when they host the 5-3 Indianapolis Colts, who have a league-high 44 plays of at least 20 yards.

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By Sri Woo

FLORHAM PARK, N.J.—Earlier this week at practice, new Jets starting quarterback Michael Vick was busy working on a drill that even high-schoolers do. With a football clutched in both hands, he shimmied back and forth as if preparing to pass while his backs, Geno Smith and Matt Simms, as well as two coaches, slapped at the ball and tried to jar it loose.

The drill, called the gauntlet, teaches passers to shield the ball with their hands, especially when facing pressure. Jets quarterbacks normally do the gauntlet only on Wednesdays and Thursdays, but head coach Rex Ryan added it to Vick's workout on Monday in the aftermath of the Jets' six-interception performance against Buffalo.

"I guess we should have had it the week before," Ryan said.

To the Jets fans who chanted Vick's name and cheered for him when he replaced Smith on Sunday, Yes, Vick is almost certainly the better quarterback. Even at age 34, he has the poise, arm and a running back's speed.

What those fans may forget—as the jets get ready to travel to Kansas City to face the Chiefs on Sunday—is that Vick has always been a flawed passer. His mediocre 56% career completion percentage (1,111 of 1,946) and 55.8% interception rate are telling.

In essence, Vick replaces Smith's interceptions with fum-



Rex Ryan and the Jets are imploring Michael Vick to tuck the ball when he scrambles out of the pocket.

bles. He has lost 43 of them in his career, including two on Sunday after he replaced Smith during the loss to the Bills.

After the game, Vick acknowledged that he might not have had enough practice time with the team's starters.

"It comes down to the fundamentals, two hands on the ball in the pocket," Vick said. "That explains the gauntlet drill. When he scrambles, Vick tends to hold the ball away from

his body, as if it were a clutch puzzle. It's something quarterback coaches do as a drill, whether to run or to throw.

What the coach conceded is that it might be difficult to teach a veteran quarterback new tricks.

"Some of you are not going to change right now," Ryan said. "When he is escaped, he has to sense it and make sure you put two hands on it, protect it on your inside shoulder. Those

type of things we teach, but sometimes out in that space, when he is avoiding [defenders], it is a little bit of a [quarterback's] running style. But understand, when you are getting ready to get hit, that thing has to be tucked."

Simms, the team's third-string quarterback, said quarterbacks usually spend 10 minutes on Wednesdays and Thursdays doing the gauntlet.

"It's similar to a basketball situation, when it's one-on-one

QBs on the Tarmac

Comparing Geno Smith's career statistics with Michael Vick's.

SIMMS	VICK
24	134
55.9%	56.0%
19	125
31	86
14	95
6	43
7	36
210	44.4
Rush yds/game	

Source: AP

and you're using the ball to shield the ball," Simms said.

He said that Pittsburgh's Ben Roethlisberger and San Diego's Philip Rivers are the best in the league at avoiding fumbles in the pocket. They dip their shoulders in to escape pass rushers and to protect the ball.

Of course, Vick can do something that Roethlisberger, Rivers and even Smith can't do nearly as well: run. Smith has averaged 21 rushing yards a game in his career; Vick's average is 44. On Sunday, he had eight carries for 69 yards, including a dazzling 42-yard scramble that helped set up a touchdown.

Vick's potential to make that sort of run at any time makes it unlikely the Jets will suffer through five consecutive three-and-outs, which the Smith-led offense did against Detroit earlier this season, when they play Kansas City on Sunday.

The good news is the Colts' defense has allowed 35 plays of 20 or more yards this season, which is more than all but three NFL teams. Things won't get any easier on Monday night when they host the 5-3 Indianapolis Colts, who have a league-high 44 plays of at least 20 yards.

"I'd like to have 639 yards of total offense," Coughlin said, "thank you very much."

The Detroit Red Wings claim longtime Rangers goaltender and future Hall of Famer Eddie Giacomin off waivers. Giacomin returns to MSG three days later to a standing ovation and beats his former team, 6-4.

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MARKETPLACE



Wal-Mart Tests a Plan Of Attack on Amazon

RETAIL B2

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THE WALL STREET JOURNAL



World Wrestling Loosens Hold on Online Subscribers

ENTERTAINMENT B4

Friday, October 31, 2014 | B1

FCC Seeks More Room To Control Broadband

By GAUTHAM NAGESH

WASHINGTON—The head of the Federal Communications Commission is laying the groundwork for expanding the agency's authority over broadband service, people familiar with his thinking say, a move long sought by advocates of stricter regulation of Internet-service providers.

But the plan by FCC Chairman Tom Wheeler isn't expected to satisfy all proponents of "net neutrality"—the principle that all Internet traffic should be treated equally—because it would let broadband providers to cut deals with content companies for special access to customers.

The people familiar with the plan emphasized that nothing is final, noting that any proposal would require a vote of the full five-member commission, which is made up of three Democrats and two Republicans. And what's ever approach the FCC tries almost certainly will be met with a legal challenge from broadband providers, who would resent giving the agency a heavier hand.

Mr. Wheeler has said an open Internet is a goal in developing the rules, along with barring providers from slowing down or blocking content to consumers. Reclassifying broadband to ensure the FCC's authority without explicitly banning broadband providers' deals would allow the agency to keep such authority in its back pocket to block any arrangements that it views as anticompetitive. He also wants to ensure that the FCC's final rules, which are expected by year-end, can hold up in court.

Advocates of net neutrality say that the only way to achieve it is to classify the Internet as a common carrier, or a public utility.

The broadband providers would like the FCC to keep them classified as information services, which makes the industry subject to far less regulation.

Caught in the middle, Mr. Wheeler is close to settling on a hybrid approach, according to the same person. The emerging proposal is a departure from an FCC plan put forth last spring, which kept broadband classified as an information service, though Mr. Wheeler at the time made clear that he welcomed the idea of allowing it to go the common-carrier route.

The plan now under consideration would separate broadband into two distinct services: a retail one, in which consumers would pay broadband providers for Internet access; and a back-end one, in which broadband providers serve as the conduit.

Please turn to the next page

Google's Android Veteran to Exit

By ALISTAIR BARR

Andy Rubin, co-founder and former head of Google Inc.'s Android mobile business and the current head of its nascent robotics effort, is leaving the Internet giant, the company said Thursday.

Mr. Rubin is starting an incubator for startup companies interested in building technology hardware products.

A Google spokesman said the company remains committed to robotics and will continue investing in the sector.

James Kuffner, a research scientist at Google and a member of the robotics group, will replace

Mr. Rubin as head of the unit. Google acquired Android in 2005 and has since turned it into the world's most-popular mobile operating system. He switched from that role to lead a series of robotics acquisitions for Google in 2013.

"I want to wish Andy all the best with what's next," Google CEO Larry Page said in a statement. "With Android he created something truly remarkable with a billion-plus happy users. Thank you."

Mr. Rubin provided crucial leadership and vision that helped Google keep up with Apple Inc. as smartphones became the go-

to computing device for most people around the world. He was known for keeping his Android team separate from the rest of the company and its employees for years. For a time, the Android group had its own lunchroom on the Google campus.

Mr. Rubin is an entrepreneurial spirit who liked to run his own show and was famous for isolating on his activities at Google, a person familiar with the executive and Google said. A Google spokesman declined to comment on why Mr. Rubin left.

Google executive Sundar Pichai took over Android from Mr. Rubin in early 2013. Mr. Pichai is

considered a more open, collaborative executive more suited to the task of keeping Android's various units in line.

Mr. Rubin has had a lifelong obsession with robots, and when he stepped down from Android, Mr. Page allowed him to pursue that dream.

Google's entrance into the robotics field has been well-watched and well-publicized, though the company's intentions for bringing more automation to industries including manufacturing and automobiles.

Mr. Rubin's departure is a blow to Google's robotics efforts. However, Mr. Kuffner is experi-

enced in the sector.

"It's surprising and sounds pretty unplanned," said Scott Stratten, an analyst at research firm IDC. "It was a mystery on Mr. Rubin's part, you would think he would see part of the robotics project through to completion to have something to show publicly before leaving."

An email sent to Mr. Rubin's Google address asking why he left was not returned on Thursday afternoon.

Google said it would not make Mr. Rubin available.

◆ Twitter demotes its product chief amid pressures B5



The New Science of Taste: 1,000 Banana Flavors

Consumers Want Novelties Like Balsamic Ketchup, but Cooking Up Concoctions Is a 'Natural' Challenge

By ANNIE GASPARRO AND JESSE NEWMAN

In the first 90 years of making its signature product, Campbell Soup Co. developed just over 100 varieties. In the past 30 years, that number has quadrupled, and now includes soups as diverse as Thai Tomato Coconut Bisque, Philly-Style Cheesesteak and Spicy Chicken Quesadilla.

The soup smorgasbord reflects Americans' growing appetite for food with bold and exotic taste and textures, which in recent years has spurred companies to add thousands of new flavorings, spices, colorings, thickeners and preservatives to their recipes, shaking up the country's menu.

Lately, however, the technology that has spawned multi-colored breakfast cereals like Froot Loops and fat-free yogurt in flavors like red-velvet cupcake are colliding with burgeoning demand for more-natural food with simpler ingredients, which many consumers regard as healthier.

Balancing these overlapping trends is proving tricky for the food industry, which is under pressure to find reliable, inexpensive natural sources of ingre-



Synergy Foods, which says it has about 80,000 flavoring formulas, is trying to make more ingredients from natural sources like roots, seeds and flowers. Top, Synergy employees in a Chicago test kitchen.

dients long synthesized in labs. Consumers are "looking for some fun exploration in what they eat, and from a culinary and science side, it...sets the bar much, higher," says Craig Slavich, Campbell's Vice President of Science and Technology. "The challenge is creating these

bold flavors with real ingredients."

In some cases that presents a major research-and-development puzzle, as well as the potential for higher costs, but the payoff can be big. For packaged-food companies, new tastes can spice up sales of established brands,

even though consumer spending on food remains weak. That is why even simple condiments now come in dozens of varieties. H.J. Heinz Co., which made just one type of ketchup in 1924, started adding new flavors in 2002. It now makes eight of them, including jalapeño-infused and balsamic-vinegar ketchups.

To cook up such concoctions, food manufacturers frequently seek help from outside firms called flavor houses, which often bear the R&D burden.

"Rather than sourcing the jalapeño or poblano pepper, [some food makers] create it with a flavor house, and just apply it over a corn chip," said Jared Simon, director of flavor development for Hain Celestial Group Inc. and snacks and bakery division. But, he said, Hain uses natural ingredients, such as real vegetables in its Terra vegetable chips.

Flavor houses not only tout the breadth of their offerings but their ability to create them inexpensively and abundantly, without seasonal disruptions.

Synergy Foods, an Illinois company that makes ingredients

Please turn to page B4

◆ Sales at Kellogg and Kraft suffer from shifting tastes B3

Online»

Explore addresses and ingredients commonly found in the grocery aisle, at WSJ.com/Business

Rise of Chinese Phones Breaks Samsung's Grip

By JONATHAN CHENG AND MIN-JEONG LEE

SEOUL—The rapid deteriora-

tion of the global market, more than Samsung and Apple Inc. combined, according to research firm Strategy Analytics. Xiaomi

Hated in California, Loved in England

By LISA FLEISHER

LONDON—Hewlett-Packard Co. has accused Mike Lynch of fraud in connection with its \$11 billion purchase of his former



accused Mr. Lynch and others in "a massive cover-up" of "grave" corporate malfeasance. Mr. Lynch's former management of "serious accounting improprieties, misrepresentation and disclosure failures."

WASHINGTON—The head of the Federal Communications Commission is laying the groundwork for expanding the agency's authority over broadband. Mr. Wheeler's proposal, with his thinking, say, a move long sought by advocates of stricter regulation of Internet-service providers.

But the plan by FCC Chairman Tom Wheeler isn't expected to satisfy the opponents of so-called net neutrality—the principle that all Internet traffic should be treated equally—because it would still allow broadband providers to cut deals with content companies for special access to customers.

The plan also presumes that nothing is final, noting that any proposal would require a vote of the full five-member commission, which is made up of three Democrats and two Republicans. And whatever approach the FCC takes almost certainly will be met with a legal challenge from broadband providers, who would resent giving the agency a heavier hand.

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Reclassifying broadband to expand the FCC's authority without explicitly banning broadband providers' deals would allow the agency to keep such authority in its back pocket, and it would be a statement that it views as noncompetitive. He also wants to ensure that the FCC's final rules, which are expected by year-end, can hold up in court.

Advocates of net neutrality say there is one way to achieve it is to classify the Internet as a common carrier, or a public utility. The broadband providers would like the FCC to keep them classified as information services, which means the industry subject to federal regulation.

Cought in the middle, Mr. Wheeler is close to settling on a hybrid approach, people close to the chairman say. The emerging proposal is a departure from an FCC plan put forth last spring, which kept broadband classified as a common carrier service, though Mr. Wheeler at the time made clear that he welcomed input on whether to go the common-carrier route.

The plan now under consideration would separate broadband into two distinct services: a general one in which consumers would pay broadband providers for Internet access; and a bucket end one, in which broadband providers serve as the conduit.

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By ANNIE GASPARRO
AND JESSE NEWMAN

In the first 90 years of making its signature product, Campbell Soup Co. developed just over 100 varieties. In the past 30 years, that number has quadrupled, and now includes soups as diverse as Thai Tomato Coconut Bisque, Philly-Style Cheesesteak and Spicy Chicken Quindadilla.

The soup smorgasbord reflects Americans' growing appetite for food with bold and exotic tastes and textures, which in recent decades has spurred companies to add thousands of new flavorings, spices, colorings, thickeners and preservatives to their recipes, shaking up the country's menu.

Lately, however, the technological advances that spawned multicavored breakfast cereals like Froot Loops and fat-free yogurt in flavors like red-velvet cupcake are colliding with burgeoning demand for more-natural food with simpler ingredients, which many consumers regard as healthier.

Bringing these overlapping trends is proving tricky for the food industry, which is under pressure to find reliable, inexpensive natural sources of ingre-



Synergy Foods, which says it has about 80,000 flavoring formulas, is trying to make more ingredients from natural sources like roots, seeds and flowers. Top, Synergy employees in a Chicago test kitchen.

dients long synthesized in labs. Consumers are "looking for some fun exploration in what they eat, but also a more natural science side...it...sets the bar much higher," says Craig Slavicek, Campbell's vice president of science and technology. "The challenge is creating these

bold flavors with real ingredients."

In some cases that presents a major challenge and development puzzle, as well as the potential for higher costs, but the payoff is big. For packaged-food companies, new tastes can spike up sales of established brands, up sales of established brands,

even flavor companies spotting on food remains weak. That is why even simple condiments now come in dozens of varieties. H.J. Heinz Co., which made just one type of ketchup for 124 years, started adding new flavors in 2002. It now makes eight of them, including jalapeño ketchup and barbecue ketchup.

To cook up such concoctions, food manufacturers frequently seek help from specialists firms called "flavor houses," which often bear the R&D burden.

"Rather than running the lab, or getting up to speed [on flavor materials] create it with a flavor house, and just apply it over a 'conch chip,'" said Jared Simon, marketing director for Hain Celestial Group Inc.'s snacks and bakery division. But, he said, Hain uses natural ingredients, such as the vegetables in its Terra vegetable chips.

Flavor houses not only tout the breadth of their offerings but their ability to produce them inexpensively and abundantly, without seasonal disruptions.

Synergy Flavors, an Illinois company that makes ingredients Please turn to page B4

◆ Sales at Kellogg and Kraft...
suffer from flatness... B3

Rise of Chinese Phones Breaks Samsung's Grip

By JONATHAN CHENG
AND MIN-JEONG LEE

SEOUL—The rapid deterioration of Samsung Electronics Co.'s mobile-phone business raises the question: Will Chinese companies soon rule the smartphone market?

The world's biggest smartphone maker, by sales, said Thursday that its third-quarter profit dropped 49% as less-expensive handsets, chiefly from China, ate away at its business. A trio of market-tracking firms confirmed that the South Korean technology company is losing ground ever faster than many analysts had predicted.

Although Chinese handset makers have been pushing into smartphones for several years, the pace of their rise—and Samsung's decline—over the last half-year has been remarkable.

Since the beginning of this year, global smartphone shipments have ballooned for Chinese smartphone makers including Xiaomi Inc., Lenovo Group Ltd. and Huawei Technologies Co. Handsets from Chinese companies now account for 38% of

the global market, more than Samsung, according to research firm Strategy Analytics. Xiaomi jumped to third place in the global market, behind Samsung and Apple, with 5.6% in the third quarter. It had 3.9% in the first quarter.

Samsung's smartphone market share declined to 25% in the third quarter from 31% in the first, Strategy Analytics said.

The tech company's mobile-phone profit margin dropped to 7% from 20% for Samsung blamed that decline in part on increased costs to clear a glut of unsold smartphones that piled up in China and elsewhere. Apple's iPhone had 12% of the market in the third quarter, down from 15% in the first.

Samsung isn't the only South Korean company struggling as low-end Chinese rivals catch up.

Since the beginning of this year, global smartphone shipments have ballooned for Chinese smartphone makers including Xiaomi Inc., Lenovo Group Ltd. and Huawei Technologies Co. Handsets from Chinese companies now account for 38% of

Hated in California, Loved in England

By LISA FLISHER

LONDON—Hewlett-Packard Co. has accepted Mike Lynch's offer of \$1 billion to purchase his former company, Autonomy, in 2011.

But in England, the 49-year-old Mr. Lynch—who dismisses HP's fraud allegations—has reinvented himself as a deep-pocketed startup investor, funding some of the country's most prestigious scientific associations. Over the summer, he says he has \$1 billion to spend.

The British establishment has embraced him as one of the country's tech luminaries. He sits on a board that advises the prime minister on science and technology, and he was recently inducted into one of the country's most prestigious scientific associations.

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Samsung isn't the only South Korean company struggling as low-end Chinese rivals catch up.

Since the beginning of this year, global smartphone shipments have ballooned for Chinese smartphone makers including Xiaomi Inc., Lenovo Group Ltd. and Huawei Technologies Co. Handsets from Chinese companies now account for 38% of



Mike Lynch has reinvented himself, evolving into a venture capitalist.

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accused Mr. Lynch and others in the Cambridge-based software maker's former management of "serious accounting improprieties, including manipulation and disclosure failures."

HP claimed management fudged growth figures for years, inflating annual revenue by as much as 29.6% through a series of fake deals, subsidized transactions and accounting errors. HP settled some of the accusations in court filings in a shareholder lawsuit related to the Autonomy purchase.

In the filings, HP said that during its due diligence on the purchase, Autonomy said its fourth-largest contract was a \$114-million deal with a customer in a European government. HP said it later learned the customer was U.S.-based seller MicroTechnologies LLC, and that the ultimate user of the software was expected to be the Vatican. The Vatican, however, ended up choosing another vendor.

A spokeswoman for Autonomy management said these accounting practices were valid under international accounting Please turn to the next page

Please turn to the next page

INDEX TO BUSINESSES

These Indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these Indexes.

A	
Agricultural Bank	
of China	C3
Alibaba Group Holding	B3
Allstate	B3,C4
Amazon.com	A1,A2
America Movil	B3
American Express	C8
Apollo Global Management	C8
Apple	A1,B1,C8
Atmel	C4
AT&T	B3
B	
Bank of America	B3,C1
Bank of China	C3
Bank Rossija	A7
Barts Global Markets	C3
Berkshire Hathaway	C2
Best Buy	B2
Binary Event Network	C3
Blackstone Group	C3
BP	A5,C8
C	
C1 Financial	A1
Castrol	
Entertainment	C2
California Public Employees' Retirement System	C1
California State Teachers' Retirement System	C1
Campbell Soup	B1
Canadian Pacific	
Carlyle Group	C3,C8
CBS	B4
Chevron	C1
China Citic Bank	C3
China Construction Bank	C3
Citigroup	A1,C8
Cisco	C8
Comcast	B4
Corporan Group	M2
CTC Media	A7
D	
Deutsche Bank	C8
DirxTV	B4
Dish Network	B4
DuPont	C1,C2
Endbridge	B3
E	
Erby, William	C3
F	
Finch, Jason	C3
Fine, Eric	C4
Ford, Richard	D5
Frein, Eric	A3
G	
Ganesh, Venky	B2
Garden, Ed	C2
Garland, Michael	C1
H	
Endeavor Vision	B2
EP Energy	C2
Exxon Mobil	C1
EY	A6
F	
Friedlander & Gorris	C8
G	
Gates	A7
General Mills	C8
Gerber Products	B3
Goldman Sachs Group	A6
Google	B1,B5
H	
Hain Celestial Group	B3
Hewlett-Packard	
H.J. Heinz	B5
Honda Motor	B3
Huawei Technologies	B3
I	
Industrial & Commercial Bank of China	C3
Intel	B3
InterContinental Exchange	C1
Intersil	C4
J	
Janus Capital Group	C4
K	
Kellogg	B3
Kocspor	C2
KKR	C2
Campbell Soup	B1
Kraft Foods Group	B3
L	
Lenovo Group	B3
LinkedIn	B3
M	
MasterCard	C1,C4,B3
Marketplace	B3
Merck	B3
Menlo Ventures	B2
Micro Technologies	B3
N	
Nestle	B3
Netflix	B4
O	
Ocwen Financial	C3
Orbital Sciences	B3
P	
Pacific Investment	B3

INDEX TO PEOPLE

A	
Andres, Mike	B2
B	
Bajikar, Sundeept	B5
Banga, Alay	C1
Barnett, Delisha	B2
Barrios, George	B2
Bethune, Mark	B2
Brooks-Marcilas, Berta	B2
Buffett, Warren	C2
C	
Child, Lee	D4
Claire, Marcello	B3
Cook, Tim	A1
Costello, Dick	B2
Couto, Sheena	B1
D	
DePetris, Gregory	C3
Dunn, Jeff	B2
E	
Erby, William	C3
F	
Finch, Jason	C3
Fine, Eric	C4
Ford, Richard	D5
Frein, Eric	A3
G	
Ganesh, Venky	B2
Garden, Ed	C2
Garland, Michael	C1
H	
George, Rose	C3
Girling, Russ	B3
Graf, Daniel	B5
Grismanov, Kirill	B5
Gross, Bill	C4
Hanson, Robert	C3
Holiday Check	B2
Hultgren, Martin	C2
Hussain, Sushovan	B2
I	
Janowitz, James	B3
J	
Kim, Hyun-joon	B5
Kovalchuk, Yuri	A7
Kuffner, James	B1
K	
Knutson, Howard	B4
Lee, Shae	B3
Leiberman, Mark	B2
Lindsey, David	C3
Lipman, Mark	B2
L	
Schultz, Howard	B4
Sheehan, Anne	C1
Simon, Jared	B1
Slatvich, Craig	B1
Szczyznska, Ruth	D7
Silva, Carlos	B3
Sohn, Masayoshi	B3
Sowers, Rod	B4
M	
MacLane, Shirely	D4
Marcos, Rob	B4
Mariscal, Jorge	C4
McNamee, John	C3
Moynihan, Brian	C1
N	
Nemeroff, Marc	C4
Neville, Stuart	D4
Nygren, Bill	C2
O	
P	
Well, Kevin	B5
Wheeler, Jeff	B5
Wheeler, Tom	B5
R	
Thompson, Don	B2
S	
Vincent, O. Kevin	B3
T	
Thompson, Don	B2
V	
Vincent, O. Kevin	B3
W	
Well, Kevin	B5
Wheeler, Jeff	B5
Wheeler, Tom	B5
X	
Y	
Z	

FCC Seeks More Power Over Broadband Services

Continued from the prior page for websites to distribute content. The FCC would then classify the back-end service as a common carrier, giving the agency more authority to regulate services between content companies and broadband providers.

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ulate broadband providers, which were made in the hopes

lions of comments, many calling for reclassification and a flat ban on deals for special access to consumers. President Barack Obama has also called for such a ban in his proposal for the National Broadband Plan, a senior White House official said Thursday that "the president has made it abundantly clear that any outcome must protect net neutrality and ban paid prioritization—and has paid for all necessary steps to save the Internet."

People familiar with the FCC's thinking say the agency remains skeptical of a flat ban on paid prioritization. FCC officials believe that maintaining lower-cost broadband could help close the income gap between rich and poor.

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CORPORATE NEWS

Wal-Mart Targets Amazon

By SHELLY BANJO

Wal-Mart Stores Inc. is testing a program to match online prices from rivals such as Amazon.com Inc. this holiday season, a move that could make the discount retailer competitive but cut into earnings.

Wal-Mart executives are discussing whether to go ahead with the price-matching program, which would expand its one for local brick-and-mortar competitors, according to sources. The program is under consideration is how much Wal-Mart might lose if the program were to go nationwide, people familiar with the matter said.

Ms. Barnett said the company's focus is on taking care of customers, and that managers have had to distract certain online prices for customers for some time.

Wal-Mart has long resisted matching online prices, even as competitors Best Buy Co. and Target Corp. adopted the practice, keeping prices from "showcasing" or marking down brick-and-mortar stores but subsequently making the purchases at online competitors.

Wal-Mart is fighting to keep shoppers coming to its stores and to keep its prices in line with those which faded in recent years as dollar stores and online competitors became more aggressive. A basket of goods at Wal-Mart was 1.2% cheaper than the same items at Target, the smallest price gap since 2012, according to a report by consulting firm Kantar Retail.

Gearing up for the holidays, Wal-Mart said it would eliminate shipping fees and guarantee delivery by Christmas Eve for 100 popular products including Disney Frozen toys and Lego prod-



Wal-Mart is testing a program to match online prices from rivals such as Amazon this holiday season.

ucts, but wouldn't drop shipping fees entirely.

On Saturday, the retailer kicks off its holiday discounts in stores on 20,000 products like the Xbox One. On Monday, it plans to roll forward 15 online "Black Friday" sales on products such as an Element 40-inch HDTV and Nutri Ninja Pro Blender.

The stakes are set to rise ahead of the holiday shopping season, when retailers raise more than a fifth of their sales in the four weeks before Christmas and shopping for gifts," said Wal-Mart U.S. chief merchant Duncan Mac Naughton.

Online, Wal-Mart has become more competitive with Amazon, according to research from Wells Fargo and pricing firm 360i. In August, Wal-Mart's prices were on par with Amazon's. In August, Wal-Mart's prices dropped to nearly 10% lower than those of Amazon, where prices have been increasing, the research found.

Price matching comes at a

cost but can boost a retailer's reputation. At Best Buy, the program resulted in a hit to margins, according to Jamey Montgomery Scott LLC analyst David Strasser, who said the move was ultimately a benefit, "but it was a stake in the ground to Amazon and other online retailers."

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The tool gives Wal-Mart greater visibility into its price compares with rivals.

Separately, in Japan Wal-Mart said it plans to close 30 underperforming stores and remodel 50 others as it aims to reclaim sales growth in what has been a difficult market for the retailer.

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The same menu items, such as sweet tea, as those in Louisiana, which both fall in McDonald's Central division.

Chief Executive Don Thompson last week said the company was planning fundamental changes to its business, as it reported one of its worst quarterly profit results in years and a 4.1% decline in September U.S. same-store sales.

Mr. Thompson said the chain plans to roll out technology to enable customers to order and pay for their meals digitally and to customize their meals.

"The reality is that our current U.S. structure is not optimized for the customer," McDonald's U.S.A. President Mike Gurnett said in an interview Tuesday to U.S. franchisees and corporate staff. "What has worked for McDonald's U.S. for the past decade is not sufficient to propel the business forward in the future."

As part of the change, the company will move its North America, South, Central and West—that it says will be organized around local consumer tastes and preferences. The new zone structure replaces one consisting of three divisions—West, East and Central—that rolled out new products across the entire country, from north to south. That meant that customers in Minnesota were being offered

McDonald's aims to cater to local consumer tastes.

McDonald's said the company hasn't determined the number of jobs that will be eliminated in the process.

"You've told us that there are too many layers, redundancies in planning and communication, competing priorities, barriers to efficient decision making, and too much talking to ourselves instead of to our customers," Mr. Gurnett wrote. "If we want to grow beyond what we need to evolve beyond our current model."

Hated in California, Loved in England

Continued from the prior page

viewed by authorities.

A spokeswoman for the former Autonomy executives said H-P had specifically asked which sector the end user was in, and had fully reviewed the

executives, including its former finance chief, Sushovan Hussain, who now heads investments and acquisitions at Invictus. Mr. Lynch declined to identify

the queen at Buckingham Palace as one of about 350 people invited to celebrate the success of the British technology sector.

In 1998, Mr. Lynch, then 33,

System	C1
California State Teacher Retirement System	C1
Campbell Soup	B1
Canadian Pacific	C4
Railway	C4
Carlyle Group	C1, C2
CBS	B4
Chevron	C1
China Citic Bank	C3
China Construction Bank	C3
CH2M Hill	A1, C8
Chocor	B4
Comcast	B4
Corcoran Group	M2
CTC Media	A7
D - B	
Deutsche Bank	C8
DirTV	C8
Dish Network	B4
DuPont	C1, C2
Enbridge	B3

Geolog	B3
KKR Corp.	C3
Kraft Foods Group	B3
L	
Lenovo Group	B1
LinkedIn	B5
M	
MasterCard	C1, C4, C8
Mattel	B4
McDonald's	B1
Micro Venture	B1
MicroTechnology	D1
N	
Nestle	B4
Netflix	B4
O	
Ocean Financial	C3
Orbital Sciences	B3
P	
Pacific Investment	B3

U	
UBS	C8
USAA	A2
V	
Verizon	B3
Communications	B3
Viacom	C1
Visa	C1, C8
W	
Walt-Mart Stores	B2
Warburg Pincus	C8
World Wrestling Entertainment	B4
X	
Xiaomi	B1
Y	
Yahoo Japan	B3

INDEX TO PEOPLE

A	
Andres, Mike	B2
B	
Bajikar, Sundeep	B5
Banga, Alay	C1
Bamett, Deisha	B2
Barnes, George	B2
Berthold, Daniel	B2
Brooks-McDonald, Beth A.	B2
Buffett, Warren	C2
C	
Child, Lee	D4
Claire, Marcelo	B3
Cook, Tim	A1
Costolo, Dick	B2
Cooley, Sherry	B2
D	
DePadova, Gregory	C3
Dunn, Jeff	B4
E	
Erbey, William	C3
F	
Finch, Jason	C3
Fine, Eric	C4
Ford, Richard	D5
Frelin, Eric	A3
G	
Ganesan, Venky	B2
Garden, Ed	C2
Garland, Michael	C1
H	
MacLaine, Shirley	D4
Marcus, Rob	B4
Mariscal, Jorge	C4
McNamara, John	C3
Moynihan, Brian	C1
N	
Nemethoff, Marc	C4
Neville, Stuart	D4
Nygren, Bill	C2
O	
Well, Kevin	B5
Werner, Jeff	B5
Wheeler, Tom	B1

FCC Seeks More Power Over Broadband Services

Continued from the prior page
for websites to distribute content. The FCC would then classify the back-end service as a common carrier, giving the agency the ability to police any deals between websites and broadband providers.

The main advantage of the hybrid proposal, as opposed to full reclassification, is that it wouldn't require the FCC to revere earlier decisions to dereg-

People familiar with the FCC's thinking say the agency remains skeptical of a flat ban on paid prioritization.

ulate broadband providers, which were made in the hopes of encouraging the adoption and deployment of high-speed broadband. The rationale for the new proposal believe that not having to justify reverting itself would put the FCC on firmer legal ground.

An FCC spokeswoman said that all reclassification options are on the table, including proposals by Mozilla, the CDT and others.

Previous FCC rules have been overturned by federal courts. In January, an appeals court said the commission was trying to regulate the broadband market as common carriers, but hadn't designated them as such.

Mr. Wheeler's original plan would have relied on the FCC's existing authority over broadband, while policing content deals on a case-by-case basis, depending on whether they are "commercial."

Net-neutrality proponents reacted to the May proposal by flooding the agency with mil-

lions of comments, many calling for reclassification and a flat ban on deals for special access to consumers. President Barack Obama has also called for such a ban. In response to Mr. Wheeler's plan, a senior White House official said Thursday that the president had made it abundantly clear that any outcome must protect net neutrality and ban paid prioritization—and has called for all necessary steps to see that it's carried out.

People familiar with the FCC's thinking say the agency remains skeptical of a flat ban on paid prioritization, noting that even common carriers are allowed to charge for certain specialized services. Mr. Wheeler suggested in December that he would be open to some such arrangements.

FCC officials believe that maintaining lower-cost broadband could help close the income gap in broadband adoption.

The proposal would allow the doorman for broadband providers to offer specialized services for, say, videogamers or online video providers, which require a particularly large amount of bandwidth. The proposal would also allow the commission to explore use of so-called price discrimination, in which consumers are charged based on how much data they use and companies are able to subsidize traffic to their websites or applications.

While the FCC still believes deals like later on, it could shift the burden to the broadband providers to prove that the arrangements would be beneficial to consumers and equally available to any company that would like to participate.

FCC officials believe participants would put them on much stronger legal footing to block such deals when they are anticompetitive.

Mr. Wheeler's plan is H-P's part of the acquisition deal, left after about six months. He and other former Autonomy executives deny there was fraud, say H-P mismanaged the software maker after the acquisition and that it outsize expectations of its value.

Mr. Lynch periodically posts documents, analyses and open letters online on behalf of his former management team that he says support that view. Mr. Lynch said H-P's accusations were "incendiary and defamatory."

H-P has referred the case to the U.S. Securities and Exchange Commission and Federal Bureau of Investigation and to Britain's Serious Fraud Office.

The FBI declined to comment. The SEC didn't respond to requests for comment. A spokeswoman for the SFO said its investigation is continuing. Mr. Lynch said he hasn't been inter-

viewed by authorities. A spokeswoman for the former Autonomy executives said they hadn't received any questions from the SFO since spring 2013.

Mr. Lynch said "serious intelligent investors" shouldn't have problem investing with him. But scrutiny of the H-P deal has tarnished his reputation in Silicon Valley.

"I would definitely do an extra level of diligence," said Venky Ganesan, managing director at California venture-capital firm Venrock.

In Europe, Mr. Lynch has found willing partners. Daniel Berthold, the investment director at Geneva-based Endeavor Vision, which recently invested along with Mr. Lynch in a biotech startup, said he wasn't worried about Mr. Lynch's tie with H-P.

"It's none of my business," Mr. Berthold said. "Some people are complaining because [H-P] overpaid."

Despite Autonomy's reputation in the U.S., Mr. Lynch has embraced his relationship with his former company. Involve is stacked with former Autonomy executives, including its former finance chief, Sushovan Hussain, who now heads investments and mergers and acquisitions at Involve. Mr. Lynch declined to identify specific investors in his fund, but says he has put \$100 million of his own into it.

Mr. Lynch has been taken up by entrepreneurs and advisory roles. As member of the prime minister's Council for Science and Technology, he helped write a paper about machine learning—a type of artificial intelligence—for the prime minister's office.

He also is a Suffolk County "deputy lieutenant," a ceremonial military post bestowed on a few dozen people in the county east of London. In that role, he attends events on behalf of Queen Elizabeth II. And he has traveled with a UK trade agency to China, Cyprus and South Korea.

Early this year, Mr. Lynch gave a talk at the Cass Business School at City University London titled "Building a Brilliant Business." In April, he was elected as a fellow of the Royal Society, a 350-year-old scientific academy. And in June, he was received by

the queen at Buckingham Palace as one of about 350 people invited to celebrate the success of the British technology sector.

In 1998, Mr. Lynch, then 33, became the toast of Cambridge University—where he earned his Ph.D. in signal processing—when he took his one-hundredth software company public. He built Autonomy into Britain's biggest software maker. It later became the linchpin in H-P's attempt to reinvent itself by changing from a hardware maker to a software com-

pany. These days, Mr. Lynch is the lookout for new tech success stories. One of his personal bets, Blinks, a video advertising company spun out of Autonomy, has come back to haunt him, making headlines after a Harvard professor claimed it's accounting. The company and the professor's doubts are wrong.

Mr. Lynch is stepping down as a nonexecutive director at Blinks at the end of the year because of the company's shift from what he described as a technology business to "more of an advertising business, an area I have little interest in."

McDonald's Hacks at Its Bureaucracy

By JULIE JARGON



McDonald's aims to cater to local consumer tastes.

McDonald's Corp. is eliminating layers of management and creating a more decentralized structure in the U.S. as it seeks to better respond to consumer tastes amid falling sales and profits.

The fast-food giant, which has acknowledged that some customers are leaving over service, price and menu items that they don't find relevant, is planning to give leaders in its 22 U.S. regions more autonomy in making local menu and marketing decisions, according to a memo reviewed by The Wall Street Journal.

"The reality is that our current U.S. structure is not optimized for the customer," McDonald's U.S.A. President Mike Andres said in an email on Thursday to U.S. franchisees and corporate staff. "What has worked for McDonald's U.S. for the past decade is not sufficient to propel the business forward in the future."

As part of the change, the company is creating four zones—Northeast, South, Central and West—that will sync the organization to local consumer tastes and preferences. The new zone structure replaces one consisting of three divisions—West, East and Central—that rolled out new products across the entire division, from north to south. That meant that customers in Minnesota were being offered

the same menu items, such as sweet tea, as those in Louisiana, which both fall in McDonald's Central division.

Chief Executive Don Thompson last week said the company was planning fundamental changes to its business, as it reported one of its worst quarterly profit declines in years and a 4.1% decline in September U.S. same-store sales.

Mr. Andres said the chain plans to roll out technology to enable customers to order and pay for their meals digitally and to customize their orders.

Mr. Andres, who was tapped in August to run the U.S. operation, said in his memo that as the company grows more diverse, "we need to be more sophisticated in how we use local intelligence to address specific consumer needs. In short, we must evolve our culture and organizational structure to put customers closer to our customers."

McDonald's said the company hasn't determined the number of jobs that will be eliminated in the restructuring.

"You've told us that there are too many layers, redundancies in processes, overcomplication, competing priorities, barriers to efficient decision making, and too much talking to ourselves instead of to and about our customers," Mr. Andres wrote. "If we want to grow beyond our current results, we need to evolve beyond our current model."

Hated in California, Loved in England

Continued from the prior page

standards. The spokeswoman said H-P had specifically asked which sector the end user was in and had fully reviewed the paperwork on the deal before the acquisition.

Mr. Lynch joined H-P as part of the acquisition deal, left after about six months. He and other former Autonomy executives deny there was fraud, say H-P mismanaged the software maker after the acquisition and that it outsize expectations of its value.

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Despite Autonomy's reputation in the U.S., Mr. Lynch has embraced his relationship with his former company. Involve is stacked with former Autonomy executives, including its former finance chief, Sushovan Hussain, who now heads investments and mergers and acquisitions at Involve. Mr. Lynch declined to identify specific investors in his fund, but says he has put \$100 million of his own into it.

Mr. Lynch has been taken up by entrepreneurs and advisory roles. As member of the prime minister's Council for Science and Technology, he helped write a paper about machine learning—a type of artificial intelligence—for the prime minister's office.

He also is a Suffolk County "deputy lieutenant," a ceremonial military post bestowed on a few dozen people in the county east of London. In that role, he attends events on behalf of Queen Elizabeth II. And he has traveled with a UK trade agency to China, Cyprus and South Korea.

Early this year, Mr. Lynch gave a talk at the Cass Business School at City University London titled "Building a Brilliant Business." In April, he was elected as a fellow of the Royal Society, a 350-year-old scientific academy. And in June, he was received by

new or closed stores, since 2012. The company is investing heavily in its commercial and smaller, conveniently located stores. It also is trying to reclaim its pricing advantage.

To that end, in April it rolled out an online and mobile tool called Savings Catcher, which tracks a consumer's receipts and refunds price differences found between Wal-Mart's prices and those of local competitors.

"We're doubling down to make sure that we show price gaps across the marketplace," Mr. Mac Naughton told investors recently, noting that nearly 3% of receipts are now submitted through the Savings Catcher tool.

The tool gives Wal-Mart greater visibility into how its prices compare with rivals.

Separately, in Japan Wal-Mart is testing a new strategy of performing stores and model 50 others as it aims to reclaim sales growth in what has been a difficult market for the retailer.

suits filed against the company alleged that Takata had failed to detect or fix the defects.

Signed by NHTSA Chief Counsel O. Kevin Vincent, the order comes a day after the agency issued letters to Tokyo-based Takata and auto makers urging them to speed up the replacement of Takata's faulty air-bag parts in 78 million older vehicles in the U.S. The air bags are used in older Honda Motor Co., Toyota Motor Corp., and other make vehicles.

Among the items NHTSA demands is a March 2011 recall from Takata of 1.5 million air bags in Mexico titled "defectos y defectos y defectos" that contained the line: "A part that is not welded—one life less, which shows we are not fulfilling the mission." This memo was previously released by Reuters.

NHTSA also demands that Takata provide a list of incidents and deaths that could be related to defective, exploding air-bag systems, and ordered the company to turn over documents related to lawsuits by victims of air-bag failures.

A Takata spokesman said the company "is cooperating fully with NHTSA and is working to meet their requests."

The U.S. attorney's office in Manhattan has begun a preliminary inquiry into the matter, people familiar with the matter have said.

NHTSA is facing pressure from lawmakers to take a tougher line with Takata and auto makers involved in the air-bag recalls. The agency hasn't ordered a nationwide recall of all the vehicles with potentially defective air-bag inflators.

The regulatory agency has been aware for several years of concerns about Takata air bags installed in various makes and models from 2000 to 2007. Honda and Toyota issued recalls in 2008, 2009 and 2010.

Earlier this year, NHTSA officials began looking at a larger population of vehicles not covered under prior recalls, but agreed with Takata in June not to launch a formal recall. Instead, the agency allowed Takata and other makers to conduct what it called "regional field actions" in hot weather states, without a finding that the air bags were defective.

Last week, NHTSA told owners of vehicles that could have defective Takata air-bag systems to "act immediately" to get the vehicles fixed.

Thursday's order ratchets up the agency's pressure on Takata by demanding extensive additional documentation of what the company knew about defects in its air-bag inflators and manufacturing problems in its air-bag factories.

The agency earlier disclosed documents that indicate it could be January or February before Takata produces enough replacement air-bag modules to fix potentially defective vehicles.

Japan's SoftBank Takes Close Look At Mexico Assets

By DANA MATTOLEI
AND RYAN KUTSON

SoftBank Corp. is prospecting in Mexico.

The Japanese telecoms technology giant is looking hard at wireless assets that have been put up for sale by América Móvil, people familiar with the matter said, as it studies the possibility of entering another North American market a little over a year after buying U.S. carrier Sprint.

The people said SoftBank recently assigned Sprint Chief Executive Marcelo Claure to gather information on the assets América Móvil is planning to sell. Analysts at **Bank of America** estimate the assets could be worth \$15 billion, though one person familiar with the matter said bidders have something closer to \$10 billion in mind.

Mr. Claure, a billionaire who built a global cellphone-distribution business with roots in the U.S. and Latin America, was later acquired by SoftBank, which is acting as an adviser to Masayoshi Son, the Japanese company's chairman. Despite Mr. Claure's involvement, any deal for the wireless assets would be SoftBank's and likely wouldn't involve Sprint, the people said.

Canadian pipeline operator wants to create a path from tank farms in Alberta to oil refineries and export terminals in the country's east.

"This [project] is very important for Canada," Chief Executive Russ Girling said yesterday.

"This country is a large producer of crude oil and has aspirations of being a larger producer of crude oil."

The proposed pipeline would transport crude from Alberta to the port of Montreal and a marine terminal in Quebec, terminating in Saint John, New Brunswick. It has been championed as a nation-building project that would bring benefits to eastern Canadian refineries while helping to address Alberta crude producers' challenges in getting their oil to market.

TransCanada said the project has more than 900,000 barrels-a-day of firm, 2010 shipping contracts from Canadian oil producers. "We are a strong supplier of the need to support different sectors," said one, Sunoco Energy Inc. Chief Executive Steve Williams.

Energy East also would displace foreign crude.

About half of the crude oil that would flow through the pipeline would be destined for export markets,

with the remainder processed at domestic refineries. Mr. Girling said. He pointed to refineries in

the U.S., Europe and India's west coast as possible customers for Energy East's crude.

Despite being a major producer, Canada imports some 700,000 barrels a day of oil, Mr. Girling said, estimating that costs the country about \$20 billion a year. "It's a drain on our economy every year for the next 40 years, that's going to create a lot of economic wealth in our country," he said.

TransCanada estimates that shipping crude via Energy East would cost roughly \$6 a barrel less than moving Canadian oil by train to the U.S. Gulf Coast.

Energy East would stretch some 2,658 miles across Canada and is could be in service by late 2018, TransCanada said.

Opponents say the pipeline would exacerbate greenhouse gas emissions and pose unacceptable risks due to the potential for oil leaks and spills along the route. Environmental and some native American groups expressed dismay at the project and vowed to block it.

"We will fight Energy East every step of the way, and we are far from alone," said Andrea Harden-Donahue, a representative for the Council of Canadian

Petroleum Producers, has forecast oil production will more than double to 4.1 million barrels a day by 2015.

Canadian oil producers are eagerly awaiting Energy East's completion as they ramp up oil sands production and face limited capacity on existing pipelines. The oil sands has been frustrated by regulatory delays that have stalled two other major pipeline projects—TransCanada's Keystone XL to the U.S. Gulf Coast and Enbridge Inc.'s Northern Gateway to the Pacific.

—Judy McKinnon
contributed to this article

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Volkswagen Drives to a Profit



Volkswagen AG reported a 5% increase in profit, to \$3.7 billion, and steady sales growth in its third quarter, aided by less currency turbulence and strong earnings at its Audi and Porsche brands.

CORPORATE WATCH

ORBITAL SCIENCES PROBE OFFERS DETAILS INTO ROCKET'S FAILURE

With the disastrous and unsuccessful launch of an unmanned Orbital Sciences Corp. rocket carrying supplies to the international space station, the company indicated the main-engine system stopped providing thrust about 15 seconds into the flight and the booster started falling back toward the launch pad.

Orbital Sciences said data showed pre-launch preparations and the actual launch sequence from Wallops Island, Va., occurred as planned. But about 15 seconds into the flight, the "failure initiated in the first stage" and the 13-story Antares rocket "lost its propulsive capability," the company said.

Thursday's update appeared to highlight a catastrophic malfunction affecting one or both of the two solid-primary, Russian-built engines. An Orbital spokesman declined to comment beyond the statement.

—Andy Pasztor

GERBER

FTC CLAIMS GOOD START USED FALSE ADVERTISING

U.S. officials have charged Gerber Products Co. with falsely advertising the potential health benefits of its Good Start Gentle formula to babies.

The Federal Trade Commission said Gerber has claimed since 2011 that its Good Start Gentle formula could reduce the risk of colic in babies. The claim is false, the FTC said.

"Parents trusted Gerber to tell the truth about the health benefits of its formula, and the company's ads failed to live up to that trust," Jessica Rich, director of the FTC's Bureau of Consumer Protection, said.

Gerber, owned by Nestlé SA, said extensive and peer-reviewed science supports the claim that its formula reduces the risk of baby eczema in infants with a family history of allergies. Nestlé said it will have met, and will continue to meet, all legal requirements to make these product claims," general counsel Kevin Goldberg said.

—Tennille Tracy

PARAMOUNT PICTURES FINANCIERS LOSE CASE AGAINST VIACOM STUDIO

Paramount Pictures has lost its bid to overturn a court ruling brought against it by a group of financiers who made a deal with the studio 10 years ago.

In a surprise ruling before the Viacom Inc.-owned studio had presented its defense, a U.S. District Court judge in Miami ruled against the four plaintiffs, led by Allianz Risk Transfer AG, a unit of German insurance giant Allianz.

The plaintiffs were seeking to recover more than \$16 million from an original insurance policy, as well as punitive damages.

They had alleged that Paramount misled them in 2004 about its risk-hedging plans for a money-losing slate of films that the plaintiffs co-financed.

James Janowitz, an attorney for the plaintiffs, said he is considering options for appeal.

—Ben Fritz

and Eric Schwartzel

The food industry always has trends and fads come through, but it's harder for us to play to some of these," Mr. Bryant said. Earlier this year, the company said it was hiring 150 additional salespeople and investing in new store displays for its new meals. The company also is cutting back on production capacity, closing some factories and eliminating up to 7% of its global workforce over the next few years.

Kraft Foods Inc., trying to update and renew its brands like Jell-O and Stale's "Naked" to attract today's shoppers, many of whom "have a whole new set of expectations of food and beverages and the companies who make and deliver them," Kraft CEO Tony Vernon said.

Beyond Stale's, food companies face higher costs for ingredients like meat and dairy. Kraft, which makes Oscar Mayer deli meat, Maxwell House coffee and its namesake cheese, said it had to raise prices on some of its products as a result—which Mr. Vernon says is risky because consumers are still in a bargain-hunting mode despite the overall economic improvement.



América Móvil is selling assets to avoid stiff new regulations.

he would like his company to have a market value of \$2 trillion by 2040.

Mr. Son, who is also Sprint's chairman, spent much of the past year pushing for the partial Sprint acquisition of T-Mobile US Inc., but talks on such a deal fell apart amid heavy regulatory scrutiny. He abandoned the pursuit in August and installed Mr. Claure, who is from Bolivia, as chairman and CEO.

The effort's collapse, along with the recent initial public offering of Alibaba, has given SoftBank firepower to pursue other deals. SoftBank has been exploring media-company acquisitions. This month, it said it has

agreed to invest more than \$800 million in Indian Internet firms and another \$250 million in a Hollywood company called Legendary Entertainment, which produced the latest "Godzilla" movie.

If SoftBank were to strike a deal for the América Móvil assets, there could be synergies with Sprint, the No. 3 U.S. carrier by subscribers. Mr. Claure has a strong understanding of Latin American markets, he said. But he has a lot to learn at Sprint, where he is trying to reverse years of subscriber losses.

—Thomas Gryta contributed to this article.

Changing Tastes Hit Food Sales

By ANNIE GASPARO

Two of the biggest U.S. packaged-food producers are feeling consumers' shifting tastes are crimping their sales even as the improving economy eases the financial strain on some shoppers.

Kellogg Co., the maker of Frosted Flakes and Wheaties, on Thursday said its sales fell 2.1% to \$3.64 billion in the latest quarter, while profit slipped about 3% to \$224 million. That came a day after Kraft Foods Group Inc. reported an 11% drop in quarterly profit on roughly flat revenue of \$4.4 billion.

The U.S. economic slump that began in late 2008, and the slow recovery since, took a toll on food companies. But with economic growth returning to a somewhat healthier clip, Kellogg Chief Executive John Bryant said other issues are more pressing on sales.

Sales at Kellogg's most important business, U.S. morning foods, fell 4.8% to \$841 million, while sales, which fell 4.2% to \$849 million.

Kellogg, like rival General Mills Inc., is seeking new ways to grow as consumers turn away from sit-down breakfasts and carbohydrate-heavy foods in favor of items that are higher in protein and fiber.

"The food industry always has trends and fads come through, but it's harder for us to play to some of these," Mr. Bryant said.

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EARNINGS

Starbucks Delivery Is Coming; Sales Rise 10%

By TESS STYNE

Starbucks Corp. said revenue rose 10% in the fiscal fourth quarter, thanks to a steady increase in new stores and its continuing efforts to woo a growing crowd of coffee aficionados.

But the coffee chain gave a weaker-than-expected outlook for its current quarter, which includes the holiday season, and its recently started new year.

The company on Thursday also said delivery is in the offing. In the second half of next year, customers in certain markets will be able to use the mobile ordering and payment app to have food and drinks delivered.

"Imagine the ability to create a standing order of Starbucks delivered hot to your desk daily," Starbucks Chief Executive Howard Schultz told investors on Thursday's earnings call. "That's our version of e-commerce on steroids."

Starbucks recently introduced a new line of single-origin coffees for those customers interested in where their coffee is grown. The Seattle-based coffeehouse chain also plans to open 100 specialty Starbucks stores selling only its small-batch Reserve brand coffee.

It raised prices earlier this year on some packaged coffee and in-store beverages in response to a jump in coffee costs, but that hasn't appeared to hurt sales.

Sales at company-owned stores open at least 13 months rose 5% in the September quarter. By region, sales rose 5% in the Americas, China and Asia, and Europe, Middle East and Af-



Starbucks, which gave a weaker-than-expected outlook for its current quarter, said that in some markets next year it will have an app for delivery.

rica as well.

Starbucks has been diversifying by adding more packaged products and food and has expanded rapidly, opening 503 new stores globally, ending the September quarter with 21,366 stores across 65 countries.

Overall, Starbucks reported a profit for the period ended Sept. 28 of \$87.9 million, or 77 cents a share, compared with a loss of \$1.23 billion, or \$1.64 a share, in the year-earlier period when the company notched a \$2.8 billion litigation charge tied to a dispute with Kraft Foods.

Revenue increased 10%, but it handed Starbucks a deficit in its three-year fight with Kraft, saying the coffee giant must pay nearly \$2.8 billion for ending a failed partnership.

Excluding special items, earnings rose to 74 cents a share from 60 cents, in line with the

company's expectation of 73 cents to 75 cents a share.

Revenue increased to \$4.18 billion, missing the estimate of \$4.2 billion from analysts polled by Thomson Reuters. Wall Street was disappointed, having hoped for faster revenue growth.

Starbucks shares fell 4% in after-hours trading.

For the quarter ending in December, Starbucks forecast per-share earnings of 79 cents to 81

cents, below the 83 cents expected on Wall Street.

For the year, Starbucks raised its revenue guidance to 16% to 18% growth, up from its previous call for at least a 10% increase.

As for the bottom line, Starbucks narrowed its outlook, projecting earnings of \$3.08 to \$3.13 a share. Analysts projected \$3.14 a share.

—Julie Jargon contributed to this article

WWE Eases Hold on Its Online Subscribers

By JOE FLINT

World Wrestling Entertainment Inc. is taking the chokehold off subscribers to its online video service.

When the WWE Network launched in February of this year, it demanded a six-month commitment from new subscribers at a price tag of \$9.99 a month. Now the company is removing that six-month requirement, a move it hopes will boost subscriptions to the service.

The cost of launching the WWE Network was \$100 million, the bulk of which the WWE paid. On Tuesday, the company said it swung to a third-quarter loss of \$5.9 million, or 8 cents a share,

from a profit of \$24.4 million, or 3 cents a share, a year earlier. Revenue for the quarter rose 6% to \$120.2 million from \$113.3 million the year before.

The WWE Network has 703,000 subscribers in the U.S. and another 28,000 abroad. The majority signed up in the first month of the WWE Network. In the third quarter, the company reported a net addition of 30,000 subscribers after 255,000 subscribers dropped the service when their initial six-month commitment was up.

That points to the risks of the company's new strategy, which it may entice more people to sign up, it will also make it easier for people to cancel. The new \$9.99 plan represents the second

time this year that WWE has changed its pricing strategy with the WWE Network. In August, the company added a \$1.29 commitment-free option. Also, customers who sign up now will get November free.

George Barrios, WWE's chief financial officer, said the service the network was borrowing a page from Netflix and Hulu, neither of which require long-term commitments and give away the first month free. "We know sampling will be a big part of this business," Mr. Barrios said.

He said the company will look to create new platforms for content, they are keeping a close eye on the WWE Network. Earlier this month, HBO and CBS each out-

lined plans for their own online programming services.

One of the challenges for media companies is launching new services without alienating existing business partners, which has hap-

pened to 55% to \$3.7 million.

Overall, WWE's television revenues, which include its cable TV shows "Raw" and "Smackdown," were up 68% to \$261 million.

Earlier this month, the WWE added advertising to the WWE Network. While the WWE Network is not only the pay-per-view events such as "Summer Slam" but also library products and original content. Advertisers include PepsiCo Inc., Mattel Inc. and Take-Two Interactive Software Inc.

The WWE also signed new business deals with cable networks owned by Comcast Corp.'s NBC Universal unit that the company said will increase in revenue from \$130 million this year to about \$235 million in 2018.

The New Science of Taste: Creating 1,000 Banana Flavors

Strawberry Flavor Without Just the Berry

The strawberry flavor in your yogurt or ice cream is just as likely to trace its lineage to a laboratory beaker as to anything that grows in the wild. Synergy Flavors is one of the companies working to make that happen.

For strawberries, the process is far from simple, say food scientists at Synergy. The red fruit is neither perfect nor perfectly flavored enough to meet the needs of packaged-food companies. So Synergy has produced vast quantities of peppermint, mint oil, extracted from peppermint plants, contains some of the same "green notes" as strawberries because the plants have common chemicals that give them a leafy, green taste, said Mark Cimoff, a food scientist at Synergy.

Isolating one such chemical, cis-3-hexenol, from mint oil to use as a building block in a strawberry flavor is more practical than sourcing strawberries

Continued from page B1

for ice cream, yogurt and other products, says its flavoring formula currently number about 80,000, up sharply from around 13,000 in 2000. Synergy has about 1,000 banana flavors alone, ranging from "green banana" to "banana foster." On a recent afternoon, its employees wearing white lab coats were testing a French-toast flavoring for vanilla cream.

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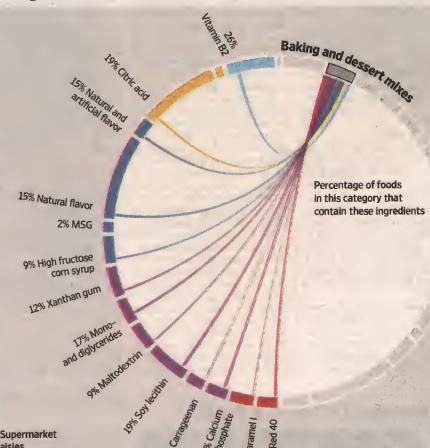
Checking Out the Aisles

The number of different additives and other ingredients in food has exploded in recent decades to an estimated 10,000, according to the Pew Charitable Trusts. While many are noncontroversial, some — like the dye Red 40 — have provoked backlash.

A look at some of these ingredients and the products that contain them.

The packaged-food industry built on those innovations. Over the decades the business of producing synthetic flavors and other food additives boomed. The results were products such as bottled Ranch dressing with a shelf life of several months and Tang drink mix that tastes like oranges.

Many of these innovations came from flavor houses, which are expected to chalk up about \$4 billion in revenue in the U.S.



TWC Cuts Its Revenue Guidance For the Year

By SHALINI RAMACHANDRAN AND CELSEY DULANEY

Time Warner Cable Inc. Chief Executive Rob Marcus said the regulatory review of the company's pending merger with Comcast Corp. is "some what more slow" than expected, as the company reported a drop in third-quarter profit and lowered revenue guidance for the year.

Net income fell 6% to \$499 million, or \$1.76 a share, from \$532 million, or \$1.83 a share, a year ago. The company said it expects revenue to grow 3.1% for the full year, down from an earlier estimate of 4% to 5%. Time Warner Cable Chief Financial Officer Artie Minson attributed the revised outlook in large part to its 1.4% decline in its national sports network failing to gain carriage with major pay TV providers and national advertising "trending a little bit lighter than we expected."

Time Warner Cable's subscriber numbers, which Wall Street analysts expected despite favorable comparisons to the year-ago period, when the company hemorrhaged subscribers after a bruising programming fight with CBS Corp. The cable company shed 184,000 retail and 1.1 million total in the third quarter, compared with a loss of 306,000 a year ago. It added 92,000 high-speed Internet customers and 14,000 voice customers, compared with losses last year.

Overall, 18,000 homes canceled Time Warner Cable services.

Revenue increased 3.6% to \$6.71 billion, powered by the broadband and business services segments.

Craig Moffett, an analyst at MoffettNathanson, said a research report today are the latest in a string of awful earnings reports from Time Warner Cable.

Time Warner Cable's results highlight the challenges Comcast Inc. will face when its deals get completed in the next year. Charter struck a deal earlier this year with Comcast that will allow Charter to acquire some Time Warner Cable systems, pending the TWC deal.

Howard Schultz told investors on Thursday's earnings call, "That's our strategy for e-commerce on steroids."

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the year-earlier period when the company notched a \$2.8 billion litigation charge tied to a dispute with Kraft Foods.

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company's expectation of 73 cents to 75 cents a share.

Revenue increased to \$4.18 billion, missing the estimate of \$4.23 billion from analysts polled by Thomson Reuters. Wall Street, however, responded, having hoped for faster revenue growth. Starbucks shares fell 4% in after-hours trading.

For the quarter ending in December, Starbucks forecast per-share earnings of 79 cents to 81

cents, below the 75 cents expected on Wall Street.

For the year, Starbucks raised its revenue guidance to 16% to 18% growth, versus its previous call for at least a 10% increase. Starbucks' 16% growth forecast bucked the market's expectation that Starbucks shares fell 4% in after-hours trading.

For the quarter ending in December, Starbucks forecast per-share earnings of 79 cents to 81

a share. Analysts projected \$3.13 a share.

—Julie Jargon

contributed to this article

WWE Eases Hold on Its Online Subscribers

By JOE FLINT

World Wrestling Entertainment Inc. is taking the chokehold off subscribers to its online video service.

When the WWE Network launched in February of this year, it demanded a six-month commitment from subscribers at a price tag of \$39.99 a month. Now, the company is removing that six-month requirement, a move it hopes will boost subscriptions to the service.

The cost of launching the WWE Network continues to hit the bottom line of the WWE. On Thursday, the company said it swung to a third-quarter loss of \$3.9 million, or 9 cents a share,

from a profit of \$2.4 million, or 3 cents a share, a year earlier. Revenue for the quarter rose 6% to \$102.2 million from \$113.3 million the year before.

The WWE Network has 703,000 subscribers in the U.S. and another 28,000 abroad. The majority signed up during the first month of the WWE Network. In the third quarter, the company added 20,000 net additional 31,000 subscribers after 255,000 subscribers dropped the service when their initial six-month commitment was up.

That points to the risks of the commitment-free strategy. While it may entice more people to sign up, it will also make it easier for people to cancel. The new \$3.99 plan represents the second

time this year that WWE has changed pricing strategy with the WWE Network. In April, the company added a \$12.99 commitment-free option. Also, customers who sign up now will get November free.

George Barrios, WWE's chief strategy and financial officer, said the network was born out of a desire to make it easier for fans, not of which require long-term commitments and give away the first month free. "We know sampling will be a big part of this business," Mr. Barrios said.

As media companies look to create new platforms for content, they are keeping a close eye on the WWE Network. Earlier this month, HBO and CBS each out-

lined plans for their own online programming services.

One of the first media companies to launch new services without alienating existing business partners, which has hap-

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pended to the WWE. Since it launched the online network, satellite broadcaster DirecTV and DirectTV have both refused to carry WWE pay-per-view events. In the third quarter, pay-per-view

revenue fell 56% to \$3.7 million. Overall, WWE's pay-per-view revenue, which includes its monthly TV show, "Raw" and "Smackdown," were up 68% to \$26.1 million.

Earlier this month, the WWE added advertising to the WWE Network, whose content includes not only the pay-per-view events such as "Smackdown Live" but also live broadcasts of WWE's content. Advertisers include Pepto-Bismol Inc., Mattel Inc. and Take-Two Interactive Software Inc.

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Craig Moffett, an analyst at MoffettNathanson, said in a research note that the "results reporting today are the latest in a string of solid earnings reports" from the cable industry.

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The food industry has largely built on those innovations. Over the decades the business of producing synthetic flavors and other food additives boomed.

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Many of these innovations came from flavor houses, which are expected to chalk up about \$4 billion in revenue in the U.S. this year, up from \$2.5 billion in 2004, according to market research firm Lantoswell & Associates.

Flavor formulators are experts, agreeing on ingredient labels in vague terms like "natural" and "artificial flavors." Congress in 1958 required the Food and Drug Administration to approve all food additives, except for ingredients that were generally recognized as safe, or GRAS. However, the law lets companies determine whether items are GRAS, except for food dyes.

In 1972, the FDA started letting companies seek official affirmation of their GRAS status. Now, many are.

Mrs. Bryl isn't bothered by the odds, though given the myriad ways she said a strawberry can taste. "It can be jammy, seedy, green, buttery, candied," she said. "I could go on for days."

—Jesse Newman

Continued from page B1

for ice cream, yogurt and other products, says its flavoring formulators currently number about 80,000, up sharply from around 13,000 in 2002. It has about 1,000 flavorists and chemists working on "green banana" to "banana foster." On a recent afternoon, its employees wearing white lab coats were testing a French-toast flavoring for vanilla ice cream.

People have relied for millennia on salt and spices to flavor and preserve their food. But the use of modern chemistry to enhance food really took off during World War II, as the government sought to make foods tastier, less perishable and more nutritious for fighting men overseas.

The food industry has largely built on those innovations. Over the decades the business of producing synthetic flavors and other food additives boomed. The results were products such as bottled Ranch dressing with a shelf life of several months and Tang drink mix that tastes like oranges.

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Chris Stanley, a 30-year-old sales executive at a Texas firm that provides information-technology services, recalls that

Checking Out the Aisles

The number of different additives and other ingredients in food has exploded in recent decades to an estimated 10,000, according to the Pew Charitable Trusts. While many are noncontroversial, some — like the dye Red 40 — have prompted backlashes.

A look at some of these ingredients and the products that contain them.



Source: FoodEssentials Note: Ingredients on the left side of the chart are sized by number of times each additive was found on a food label.

The Wall Street Journal

TO EXPLORE AN INTERACTIVE VERSION OF THIS CHART: GRAPHICS.WSJ.COM/FOOD-ADDITIONS-INGREDIENTS

Many like the tropical flavoring many Americans grew up with. Some have prompted a backlash, like the sweetener aspartame, which critics say could be carcinogenic, and castoreum, an animal extract from beavers that gives foods a musky taste and was traditionally added to maple flavoring, among others.

In recent years, more consumers have sought to rid their diets of such ingredients, often because of books, movies or advocacy groups that raised health concerns about additives, but many don't bother.

That's because it's not always

easy to tell what's in a food.

"I want it to be all natural,"

says Chris Stanley, a 30-year-old

sales executive at a Texas firm

that provides information-technology services.

Consumer demand for cleaner

when he was a child in northern Indiana, pudding came in three flavors: chocolate, vanilla and tapioca. "Now, there's not to be five times as many kinds as when I was a kid." Four years ago, Mr. Stanley decided to adopt a healthier diet. "I want there to be hardly any additives," he says.

Many food-industry executives say the safety and value of additives. But they are increasingly resigned to the shift in consumers' attitudes.

"Regardless of what the science says, there is a great degree of cynicism about food technology," said Jeff Dunn, chief executive of Campbell's Soup Co., which suggested adding a compound that would allow the soup company to cut down on sodium without sacrificing flavor. But Campbell said it chose instead to

labeled as doored some additional Subway sandwich shops. "We scrubbed the chemical addititve azodicarbonamide that helped its bread rise considerably, after some consumers complained that the same substance was used in yoga mats. Subway said it already had been planning to drop the additive.

To accommodate changing demand, flavor houses increasingly are turning to natural substances, such as using tomato or elderberry for red coloring, instead of Red 40 dye. About a decade ago, when Campbell was seeking to reduce the sodium content of its soups, the company suggested adding a compound that would allow the soup company to cut down on sodium without sacrificing flavor. But Campbell said it chose instead to

switch to sea salt, which contains some iodine, a common table salt, and is natural.

The shift to simple ingredients isn't so simple. Key lime flavor made with real limes, for example, is more expensive and complicated to produce because the fruit vary by season and crop. "It's a challenge to find natural there are always difficulties," says Rod Sowers, Synergy's chief executive. "We can do it, but it comes with a significant cost."

Still, Synergy is trying to meet the challenge. Investing in technology to create more flavors and extracts from natural substances, such as citrus and flowers. "We're being pulled into that by our customers, the packaged food companies," Mr. Sowers said, "and their customers, the consumers."



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Tom Cruise lists mountain retreat for \$59 million M2



MANSION

'There is no excellent beauty that hath not some strangeness in the proportion.'
—Francis Bacon

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THE WALL STREET JOURNAL.

Friday, October 31, 2014 | M1

WHEN A HOME IS TOO YOU



YOUR HOME REALLY IS YOUR CASTLE Mel Bacon, founder of Coronado Stone Products, got the idea to build a castle-like structure from a client who built a house with a turret. The resulting roughly 6,000-square-foot home in Running Springs, Calif., also had a drawbridge with a pool underneath. After six months on the market, the property sold for \$1.8 million; it had been asking \$3.5 million.

Graphic from Top: Coronado Stone Products; Dorothy Wong for The Wall Street Journal (2); Bobbi O'Donnell (2); Dorothy Wong for The Wall Street Journal (2)

Extreme dream homes—featuring Medieval turrets, a Western saloon or a 'Hobbit' house—cost millions to build. Expect challenges when it's time to sell.

BY CANDACE TAYLOR



SPORTS CENTER John Nugent's Andover, Mass., home includes a basketball court and a bowling alley. The home is headed to auction.

JOHN NUGENT SPARED NO EXPENSE customizing his Andover, Mass., home for his family. For his sports-loving children, he built a full-size indoor basketball court with a scoreboard, a 30-second shot clock and three rows of bleachers. Downstairs, there's a bowling alley with a vintage scoring machine, and an indoor pool with a water slide. On a wall near the pool, there is a mural with images of Mr. Nugent's children, along with the family's dogs, cats, bird and pet rabbit.

Then the children grew up and moved out, and Mr. Nugent no longer needs as much space. The 56-year-old CEO of software company Visibility Corp. has been trying to sell his roughly 20,000-square-foot home, which also includes a putting green, a pitching mound and an outdoor putting green and two locker rooms—for the past few years. The house cost about \$6 million to build, Mr. Nugent said, so he put it on the market for \$5.65 million—for more than most homes in this Boston suburb, where a house priced over \$3 million is unusual. He is now trying to sell the property in a sealed-bid auction.

Please turn to page M4

PAINT IT BLACK Cassidy George recently redid her New York apartment in a 'garage-rock aesthetic' that included covering her elevator and foyer, above, in graffiti.

SELLING CONDOS IS CHILD'S PLAY

New York developers woo potential buyers with on-site classes—some curated by museums—to the children of residents.



INSIDE



SAY UCCLE
South Brussels sees a contemporary shift: M3



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PHOTOGRAPH BY JEFFREY D. STONE FOR THE WALL STREET JOURNAL (2)



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BY KAYA LATERMAN

WHAT DOES "family friendly" mean in luxury condo buildings these days? A spacious playroom is a given. A practice space for a beginner violin player is helpful. And an indoor pool is certainly a plus.

But it's a beautiful thing when New York City developers are wooing potential buyers and renters with on-site classes—some even curated by museums—to the children of residents.

In Brooklyn, a 42-unit luxury building under construction called One John Street will include a 1,700-square-foot annex of the Brooklyn Children's Museum, which will offer classes on art, culture, science and the environment.

At the Boerum, another Brooklyn condominium com-



FACE THE MUSIC Residents of 8 Spruce Street in Manhattan can send their kids to classes without leaving the building. Above, Ranjit Arapukal leads a Music Together class in the playroom, another view above left. The concierge organized the class schedule at a parent's request.

INSIDE



SAY UCCLE
South Brussels sees a contemporary shift M3



DRACULA'S HAUNTS
A market for mansions in Transylvania M7



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Tom Cruise Lists a 298-Acre Telluride Estate for \$59 Million



Tom Cruise is listing his 298-acre Telluride, Colo., estate for \$59 million, according to Telluride Sotheby's International Realty, the firm listing the property.

With views of the surrounding mountains, the nearly 10,000-square-foot main house has four bedrooms and six bathrooms, plus a gym, recreation room and library. There is also a guesthouse measuring about 1,600 square feet, with three bedrooms and three baths.

The gated estate also includes a sports court for tennis, basketball and ice hockey, and a private trail system.

Mr. Cruise spent several years designing and constructing the native stone and cedar home, completing it around 1994, according to listing agent Bill Fandel.

The star, who is shooting the fifth film in the "Mission: Impossible" series, is selling because he hasn't used it much over the past few years, Mr. Fandel said.

The property is about a 12-minute drive from downtown Telluride and Telluride Ski Resort.

—Condace Taylor

For Rent: A Full Floor of New York's Pierre Hotel for \$500,000 a Month

The 39th floor of the Pierre Hotel is now available for lease. At \$500,000 a month, it's New York City's most expensive rental listing, according to listing agents Therese Bateman and Andres Perez-Garcia of Town Fifth Avenue.

The floor includes the two-bedroom Presidential Suite, which can combine with other rooms for a total of 4,786 square feet of living space, with six bedrooms and 6½ bathrooms. The Presidential Suite can be rented separately for \$400,000 a month, with the additional rooms ranging from \$20,000 to \$40,000 a month.

This is the first time the Presidential Suite has been available for extended stays, Mr. Perez-Garcia said. When it isn't rented out, the suite will still be available to hotel guests—the rate is currently \$20,000 per night.

Ms. Bateman said the listing will meet "a strong unmet demand" in the city for large rental apartments with flexible lease terms. "It's hard to find a

six-bedroom apartment with that kind of flexibility," she said, especially in a full-service building on Fifth Avenue.

The roughly 2,000-square-foot Presidential Suite has a living room overlooking Central Park, with views that include the Jacqueline Kennedy Onassis Reservoir and the George Washington Bridge. The master bedroom looks down on the park's Wollman Rink and the Plaza Hotel. The pantry kitchen is small; the hotel noted residents can get room service, and dine in the hotel's two restaurants, Sirio Ristorante and Two Five Lounge. Other hotel amenities available to them include 24-hour daily housekeeping, butler service and the hotel's chauffeur-driven Jaeger.

The space can be rented on a month-to-month basis as part of the newly launched Pierre Hotel Residences program, for as little as 30 days or as long as needed, the hotel said.

—Condace Taylor

A 19th-Century Villa Near Florence, Italy, Has Listed for About \$25 Million



A 19th-century villa near Florence, Italy, has listed for about \$25 million, says Simone Ruccelai, who inherited the property from his late maternal grandmother in the early 1990s.

On roughly 27 acres, the 4,643-square-foot villa has nine bedrooms, eight bathrooms and four reception rooms, a country-style kitchen, media and music rooms. It also has a separate building with two apartments that can be used for staff or guests. There is a large conservatory, an underground wine cellar and a 19th-century gate house.

"This was the holiday house we used to live in from May to November," recalled Mr. Ruccelai. The villa has about 14 acres of olive groves, formal gardens and a large lake. "Growing up I used to play in the woods with my brothers," he said.

Alasdair Pritchard of selling agent Knight Frank said the luxury property is unique in Italy, like the rest of Europe excluding London, "has suffered in the last four years." However, he said he's seen a renewed interest in properties close to major Italian cities. —Javier Espinosa

In Progress: Florida Penthouse Under Construction To Ask \$29 Million

A penthouse still under construction in Sunny Isles Beach, Fla., will ask for \$29 million.

More than 19,000 square feet, the apartment is expected to be the priciest offering in the unfinished Jade Signature condo building. It will include 1,100 square feet of interior space and more than 3,000 square feet of outdoor terrace, which includes a pool overlooking the ocean.

The 57-story tower was designed by Pritzker-prize winning design firm Herzog & de Meuron. The five-bedroom, 5½-bathroom unit will have 12-foot ceilings and walls of glass that open to the terrace area. An upstairs space will be marketed as the "man's cave" and spa.



While the building won't be completed until late 2016 or early 2017, more than 80% of the 192 units have already sold, said Edgardo Defortuna, CEO of Fortune International Group, which developed the building. In South Florida, condo sales typically require a 50% cash down payment.

Mr. Defortuna said he expects a buyer to come from New York, or perhaps from Brazil or Argentina—though if past experience is any indicator, the penthouse probably won't sell until it is closer to completion. "A buyer for \$29 million wants to leave it right now," he said.

—Stefanos Chen

LIFE WITHOUT COMPROMISE



Reboot: An Upper East Side Duplex Returns to Market for \$34.9 Million



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—Concise Taylor



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LUXURY RESIDENCES ON CONGRESS AVENUE

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With the luxury real estate in Manhattan booming, an Upper East Side duplex is going back on the market for \$34.9 million.

The apartment spans two floors of the Carhart Mansion condominium, a century-old townhouse that was converted to luxury apartments. Owners Dennis and Karen Meihel first put the unit on the market in 2009 for \$25 million before reducing its price and eventually taking the apartment off the market in 2010.

“Our timing was very poor” for the financial crisis, said Mr. Meihel, CEO of O.S. Corrugated, which makes cardboard boxes. Now, however, “the market, certainly at the upper end, has recovered nicely,” he said. Mr. Meihel, who is also CEO of the Battery Park City Authority, and his wife bought the unit in 2005 for \$15.78 million, according to public records.

According to listing agent Carrie Chang of the Corcoran Group, the 17-room apartment measures about 10,350 square feet, with seven bedrooms and 6½ bathrooms. It includes the original mansion’s parlor floor, which now houses a “grand salon” with 20-foot-high ceilings and three French doors. There is also a dining room, library, family room, study and exercise room. The building’s penthouse was listed in July for \$34 million.

—Concise Taylor

► See more photos of notable homes at WSJ.com/Mansion.

MANSION

THE MARKET

Uccle Is Craving Cubes

Sleek, boxy contemporary homes dot the Brussels district as more French house hunters arrive



BY J.S. MARCUS

NEW HOMES are changing the look of Uccle, an upscale neighborhood in the south of Brussels, where prosperous Belgians and a new wave of foreign buyers, particularly from France, are keeping real-estate prices strong.

Long one of the capital's most expensive communities, the district, a few minutes from Grand Place, shows a solid century of traditional styles. But over the last several years, Uccle's tree-lined streets have been transformed by the arrival of neo-Modernist villas and high-end apartment complexes—the new status symbols for homeowners.

Instead of landmark Art Nouveau or Art Déco mansions, says David Chicard, director of Brussels Sotheby's International Realty, his clients "all want white cubes."

Contemporary-style homes for sale in Uccle (pronounced oo-ka-lah) include a six-bedroom, three-bathroom villa with a white brick facade. The 6,144-square-foot home is升fitted with an elevator, has an asking price of €4.7 million, or \$5.95 million.

Marc Corbieu, a local architect, is credited with starting the contemporary-architecture boom in the 1990s. Mr. Chicard says the Corbieu name alone can add 20% to the asking price of a property.

A four-bedroom, three-bathroom Corbieu-designed property, composed of an ensemble of brick cubes, is now on the market—the 6,779-square-foot home, with a kitchen featuring Gaggenau appliances, has a listing price of €4.4 million.

Uccle is made up of a handful of distinct neighborhoods. The winding streets surrounding a cluster of scientific buildings, including Belgium's

Royal Observatory, are referred to as Observatoire, and include Avenue Hamoir, arguably Uccle's most exclusive street. Other upscale areas are Fort Jaco, known for its big lots and local shopping, and Prince d'Orange, home to grand estates.

Hamoir has a slate of ornate, early 20th-century mansions, but is also home to a sleek luxury complex, Parc du Hamoir, a newly designed glass-and-concrete building on the footprint of an earlier office building.

In 2012, Franco-Belgian architect Sandor Puri-Rubinstein and her husband, Michel Rubinstein, bought three top-level units and combined them into a 6,456-square-foot penthouse duplex, with five bedrooms, four bathrooms, and 4,304 square feet of terraces. Sotheby's Mr. Chicard estimates the home—which features a Boffi kitchen, soap-treated oak floors and forest views—could get about \$7.6 million on the market.

For Jaco, a contemporary-style duplex apartment with its own swimming pool has an asking price of \$3.7 million. The three-bedroom, 4,304-square-foot home is a short walk from Chaussee de Waterloo, Uccle's main shopping street, and has easy access to the Forêt de Soignes, a recreational forest.

The 80 minutes by high-speed train from Paris to Brussels is attractive to French transplants as well as commuters. The French started making their presence felt in the Brussels real-estate market in the 1990s, says Marc Goldbrenner, director of Lecobel Vaneau, the Brussels outpost of a French real-estate company. But their numbers exploded after the 2012 French presidential election, which brought significant tax increases following the victory of Socialist François Hollande. Half of Mr. Gold-

brenner's clients are French, he says. Mr. Goldbrenner says the very wealthy French tend to seek tax relief in London or Switzerland. The merely wealthy go to Brussels. Die-hard Parisians prefer Ixelles, a more densely populated part of the capital noted for its cafes and restaurants. Buyers from upscale Paris suburbs, however, seem to feel at home in Uccle, real-estate agents say. Uccle also has appeal because it has an accredited lycée, or French high school.

Brussels architect Yoram Lipsky has designed Uccle homes for Belgian and French clients. The 45-year-old Uccle native, and his wife and studio partner,

Yohana Kadz, have completed a renovation of a villa in the Prince d'Orange section for clients. The French owners had been living on Avenue Moléire, a grand street on the Uccle-Ixelles border, but relocated to a greener part of Uccle for more space to show their art collection. Mr. Lipsky says the renovation totaled \$1.2 million.

Belgium's notoriously rainy weather also is a boon to gardeners, and work by a noted landscaper can add distinct value to an Uccle property. Top names on local projects include Erik Dhont, a Brussels-based landscape architect. He says the budget for an Uccle project has reached \$760,000.

SQUARED OFF
A modern home near the Royal Observatory, far left. The district's Fort Jaco area, known for its shops, left. Below, a 6,456-square-foot penthouse duplex in the luxury complex, Parc du Hamoir, in an exclusive corner of Uccle.



The Brussels real-estate market is an island of stability, says Brussels notary Alexis Lemmerling. The economic crises of 2008 and 2009 caused a mere blip in the capital, he adds, and prices now are about 5% above 2007 highs.

In Uccle, duplex single-family home prices rose to \$646,000 so far this year, from \$538,000 in 2013.

Now the Germans are looking at Uccle, says Mr. Chicard. This year, his company sold about \$152 million of property to three German clients, including to a 30-something website developer. "We are searching for a German-speaking agent," he says.

Modern-style homes for sale



\$5.95 million
Avenue Victor-Emmanuel III
Six bedrooms, three bathrooms



\$4.32 million
Avenue de l'Echevinage
Five-bedrooms, four-bathrooms

This 6,456-square-foot townhouse was built in the mid-1920s in Art Deco style. The home has original details, including stained-glass windows, and modern amenities, such as an outdoor pool. Agent: Brussels Sotheby's International Realty

LUXURY AUCTIONSSM



BY J.S. MARCUS

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Uccle is made up of a handful of distinct neighborhoods. The winding streets surrounding a cluster of scientific buildings, including Belgium's

Royal Observatory, are referred to as Observatoire, and include Avenue Hamoir, arguably Uccle's most exclusive street. Other upscale areas are Fort Jaco, known for its big lots and local shopping, and Prince d'Orange, home to grand estates.

Hamoir has its share of ornate, early 20th-century mansions, but is also home to a sleek luxury complex, Parc du Hamoir, a newly designed glass-and-concrete building on the footprint of an earlier office building.

In 2010, French architect Stéphane Baroin-Rubinstein and her husband, Michel Rubinstein, bought three top-level units and combined them into a 6,456-square-foot penthouse duplex, with five bedrooms, four bathrooms, and 4,304 square feet of terrace. Sotheby's Mr. Chicard estimates the home—which features a Boffi kitchen, soap-treated oak floors and forest views—could get about \$7.6 million on the market.

In Fort Jaco, a contemporary-style duplex apartment with its own swimming pool has an asking price of \$3.7 million. The three-bedroom, 4,304-square-foot home is a short walk from Chausée de Waterloo, Uccle's main shopping street, and has easy access to the Forêt de Solfes, a recreational forest.

The 80 minutes by high-speed train from Paris to Brussels is attractive to French transplants as well as commuters. The French started making their presence felt in the Brussels real-estate market in the 1990s, says Marc Goldbrenner, director of Lecobel Vanee, the Brussels outpost of a French real-estate company. But their numbers exploded after the 2012 French presidential election, which brought significant tax increases following the victory of Socialist François Hollande. Half of Mr. Gold-

brenner's clients are French, he says.

Mr. Goldbrenner says the very wealthy French tend to seek tax relief in London or Switzerland. The merely wealthy go to Brussels. Die-hard Parisians prefer Ixelles, a more densely populated part of the capital noted for its cafés and restaurants. Buyers from upscale Paris suburbs, however, seem to feel at home in Uccle, real-estate agents say. Uccle also has appeal because it is an accredited lycee, or private, high school.

Brussels architect Yoram Lipsky has designed Uccle homes for Belgian and French clients. The 45-year-old Uccle native, and his wife and studio partner,

Yohana Kadz, have completed a renovation of a villa in the Prince d'Orange section for clients. The French owners had been living on Avenue Moléire, a grand street on the Uccle-Ixelles border, but relocated to a greener part of Uccle for more space to show their art collection. Mr. Lipsky says the renovation totaled \$1.2 million.

Belgium's notoriously rainy weather also is a boon to gardeners and work by a noted landscape designer adds value to an Uccle property. Top names on local projects include Erik Dhont, a Brussels-based landscape architect. He says the budget for an Uccle project has reached \$760,000.

The Brussels real-estate market is an island of stability, says Brussels notary Alexis Lemmerling. The economic crises of 2008 and 2009 caused a mere blip in the capital, he adds, and prices now are about 5% above 2007 highs.

In Uccle, median single-family home prices rose to \$646,000 so far this year, from \$538,000 in 2013. Now Mr. Goldbrenner is at work on a new project in Uccle, and adds value to an Uccle property. Top names on local projects include Erik Dhont, a Brussels-based landscape architect. He says the budget for an Uccle project has reached \$760,000.

Modern-style homes for sale



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Avenue Victor-Emmanuel III

Six bedrooms, three bathrooms



\$4.32 million

Avenue de l'Echevinage

Five-bedrooms, four-bathrooms

This newly built 6,144-square-foot home will have underfloor heating and 1,076 square feet of terrace space. Amenities include a swimming pool, pool house and five-car garage. Agent: Brussels Sotheby's International Realty

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MANSION

WHAT HAPPENS WHEN A HOME IS TOO YOU



Continued from page M1
tion through the firm Madison Hawk Partners.

It's a long-held real estate dictum that giving a home too many unusual features can damage its resale value. Despite that, many owners in recent years have only grown more focused on making their homes unique, real-estate experts say. Some will spend years, and millions of dollars, creating a dream home suited to their specific tastes—without worrying about whether the resulting home will fit anyone else's. The phenomenon holds especially true in areas of the country where real-estate prices are booming, making owners more confident their homes will sell no matter what.

Veterans say the emphasis on customization, which grew during the boom times of the 1990s and 2000s, has now picked up again after the economic downturn. It has been facilitated by the Internet, which gives owners access to lots of unconventional ideas with a few clicks.

"People are all the unique things that are being done, and it inspires them to want something unique," said Peter Archer of Pennsylvania-based Archer & Buchanan Architecture, who recently designed a "Hobbit house" on a client's property to hold a collection of J.R.R. Tolkien memorabilia.

Mel Bacon, the founder of Coronado Stone Products in Fontana, Calif., got the idea to build a castle-like structure from a client who built a house with a turret. "I told the architect, 'I want a house with turrets,'" recalled Mr. Bacon, who is now in his late 70s. When the architect responded that it was a dream of a castle, Mr. Bacon said he "had to have it." Mr. Bacon's company manufactured special stone to build the roughly 6,000-square-foot castle, which, in addition to turrets had a drawbridge with a pool underneath. He and his wife filled it with antiques and put swords on the wall.

The two lived in the house, on about 11 wooded acres in the small town of Running Springs in the San Bernardino Mountains, for about 13 years. They enjoyed it greatly, he said, but decided around 2003 to sell



PLAY HOUSE John Nugent, above left, flanked by son John and daughter Katie, spared no expense customizing his Andover, Mass., home for his family. For his sports-loving children he built, among other things, an indoor pool with a water slide. On a wall near the pool, above right, there is a mural with images of Mr. Nugent's children, along with the family's dogs, cats, bird and pet rabbit; a theater, below. Mr. Nugent is now trying to sell the property in a sealed-bid auction.



the castle and move closer to their grandchildren.

The listing seemed to attract more gawkers than buyers, Mr. Bacon said. One potential purchaser seemed to be using the home to pick up women—he brought several different ladies to look at the house, Mr. Bacon recalled. A bigger problem was deter-

mining the right asking price, because the structure was so different from everything else in town.

Mr. Bacon spent around \$300,000 building the home, and the \$3.5 million asking price turned out to be "a little pricey for the area," he said. He and his wife ended up selling the home after about six months on the

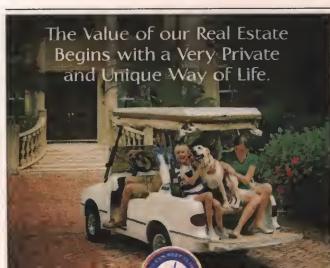
market for \$1.8 million. They now live in a "normal-looking house" on the water.

John Q. Adams, Sr., a retired pharmaceutical executive, created an Old-West-style saloon in a wooden building on his 801-acre ranch outside Steamboat Springs, Colo. First he found a 21-foot-long antique bar for

the space, which has a front porch with a swinging wooden door. He added velvet wallpaper, a pool table and antique tables. Mr. Adams, who has several other houses on the ranch, uses the saloon for parties and fundraisers, and the two upstairs bedrooms come in handy for guests. He's now ready to sell.

Bob O'Connor for The Wall Street Journal

The Value of our Real Estate
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Continued from page M1
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Bob D'Amico for The Wall Street Journal

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MANSION

A SPECIFIC LOOK Cassidy George said she likes that her redo may not appeal to everyone. The bathroom door, left; Ms. George, below; living room, right.



BE DIFFERENT
The dining table, below left; the master bedroom, below right.



MY SALOON John Q. Adams Sr. created an Old West-style saloon, left and below, on his 801-acre Colorado ranch. It has an antique bar, pool table and antique tables.



make a big difference in how much leeway an owner has to get creative, brokers said. If a home is in a sought-after location, wealthy buyers will be more willing to spend money on a renovation or even to demolish a house and rebuild.

Television executive Cary Glotzer spent more than \$400,000 building an indoor half-basketball court with electronic scoreboard at his home in New York's Hamptons. The five-bedroom Queen home also has an elevator and two theaters, and outside there is a pool and a combination tennis and basketball court.

Mr. Glotzer, who built the house in 2003, said he added the sports fea-

tures mostly to keep his three children entertained and "to make our house the hangout house." Now that a buyer has agreed to buy the home, he is listing it for \$3.795 million with Patrick Galway of Town & Country Real Estate.

Mr. Glotzer said because the home



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LONG ISLAND

is located in the affluent Hamptons, he thinks the amenities will be an asset that will help attract wealthy Wall Street buyers. "If this was in an isolated area with a basketball court, it would be a challenge to sell," he said. "But because it's in the Hamptons, I think it's an advantage."

Cassidy George, a 19-year-old art student at New York University, is taking this principle even further in Manhattan. With help from her parents—her father Eric is an investor and CEO of Omega Hospital in Louisville, Ky.—she has leased "very regular" two-bedroom downtown apartment in May for \$2,775 million.

Then Ms. George got creative. Enlisting the services of interior designer Francisca Trujillo, she painted the apartment almost entirely black, including the exposed brick. Aiming for "an '80s-reminiscent, garage-rock aesthetic," she hired street artists to "vandalize" her elevator door and cover the foyer with a floor-to-ceiling graffiti installation using abstracted images from a box of her keepsakes, from Ms. George's face to Jack Nicholson in "The Shining." When the bathroom light is on, its door lights up with an image of a man's face.

Ms. George said she knows that the space may not appeal to everyone, but that is part of what she likes about it. Plus, she doesn't foresee moving for at least 10 years, and she's confident the apartment will appreciate significantly during that time. black paint notwithstanding. As she told her father when she started looking at apartments, "the neighborhoods where I want to live are the ones that are really going up in value."

Ms. George's agent, Ande Sedwick of Town Residential, said her "jaw dropped" when she saw the redo, adding that it is very difficult to remove black paint from exposed brick. "That resale is going to take a very unique path," she said.

Still, "the Bowery is so hot now" that the unit has likely appreciated since they bought it. "If they were to sell tomorrow, they would definitely get a return," Ms. Sedwick said.

**BE DIFFERENT**

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has been on the market for about two years, its price reduced to \$24.25 million from \$32.5 million. But Mr. Adams said the resale value was never a motivating factor. We "thought it would be just so unique to have an old-fashioned Western saloon on the ranch," he said.

The location of a property can

make a big difference in how much leeway an owner has to get creative, brokers said. If a home is in a sought-after location, wealthy buyers will be more willing to spend money on a renovation or even to demolish a house and rebuild.

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an indoor half-basketball court with electronic scoreboard at his home in New York's Hamptons. The five-bedroom Quogue house also has an elevator and home theater, and outside there is a pool and a combination tennis and basketball court.

Mr. Glotzer, who built the house in 2009, said he added the sports fea-

tures mostly to keep his three children entertained and "to make our house the hangout house." Now that a business opportunity is causing him to relocate, he put the house on the market a few weeks ago for \$3.795 million with Patrick Galway of Town & Country Real Estate.

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LOCATION, LOCATION Cary Glotzer, above with wife Traci Duke and children Camryn, Cole and Payton, spent more than \$400,000 building an indoor half-basketball court with electronic scoreboard at his home. Because the home is in the Hamptons, Mr. Glotzer thinks the amenities will be an asset that will help attract wealthy Wall Street buyers. The court, above; the combination tennis and basketball court, top right.

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MANSION

HOUSE CALL | ANNE RICE

Bitten by the Vampire Bug

A novelist reflects on her early life in New Orleans, spinning yarns—and how she is spending Halloween

I come from a family of storytellers. My mother, my aunts and my grandmother all loved to talk and knew how to make you listen. Growing up in New Orleans in the late 1940s, I heard elaborate stories about everyone and everything. I also loved listening to stories on radio dramas and at the movies, where vampires first fascinated me.

My family's home was on the corner of St. Charles Avenue and Philip Street, right on the Mardi Gras parade route. We lived in a sizable first-floor apartment of a two-story house—before televisions, vacuum cleaners or washing machines. I saw all of those things come in, which let me experience an old-fashioned way of life.

We had a screened porch and an open porch. In those days, screened porches were wonderful spaces. You could go there in the evening and watch people leave, and yet you felt you were in your home. There was a purple flagstone yard in front, and two big garden patches and a few trees.

One of my first memories is being 3 and watching my 5-year-old sister climb that yew tree to the very top, yelling and pretending to shoot enemy soldiers. It was World War II and she was protecting the neighborhood. I also have beetle, sweet memories of my mother and father, grandmother and sisters.

Dad was in the war. After, he worked for the U.S. Post Office Department, giving instructions to employees around the country. But I knew him at home as a writer and a poet. He who loved to sculpt and build and refurbish beautiful furniture. He would have loved making a living doing his art, but he had a wife and four kids to support.

My dad wrote a novel that he read to us—"The Impulsive Imp." It's available at Amazon because a dear relative had it independently published. It was about a little supernatural.

urial creature born in the chimney of our house who came down to create mischief. It's from the perspective of the imp, which had a profound influence on my writing—the storytelling, the style, the delight in language and the point of view.

I was lucky. My parents were so creative. My mother loved literature and told us the plots of great novels and movies. I'm not surprised that my late older sister, Alice Borchardt, became a novelist, too. We both loved storytelling and shared a dream world as kids.

Storytelling was a big part of life in the South. My mother told us stories by the hour. If we were out walking, she would point to a house and say, "A ghost appeared in that house one time," and proceed to tell us an entire story about it. Every question we asked triggered a story. In the afternoons, my mother and grandmother sat at the kitchen table to talk and have their tea. I'd sit in the hallway and listen to their stories.

Our apartment seemed huge. Our living room opened to the porches, which didn't have steps leading to the street. We had painted wood floors and modest furniture. This was an old house, and it didn't become a lot. You inherited your furniture.

At one point my dad bought a tape recorder. I told stories into the mic and hosted a make-believe radio show with my older sister. We'd do all the voices. The show that influenced me most was "Broadway Is My Beat," a crime drama that featured a character named Danny Clover, a de-

tective in Times Square.

A big turning point for me came when I was 9 and went to see "Dracula's Daughter" at an old movie house near our home. It had been released years earlier, in 1936. I was captivated. I fell totally in love with Countess Mary Zaleska, Dracula's daughter, and left the theater with the notion that vampires were glamorous, domineering, artistic people. She was a pale woman with dark hair in a long dark gown. I was enchanted by the film, not creeped out. It seemed to be about the very essence of life—the pain of mortality and the dream of being immortal. It was lustrous and compelling.

I responded early on to supernatural fiction. For those of us who love the genre, it's super real. It's more intense than pedestrian realism.

My family left New Orleans in 1958 when my father was transferred. I finished high school in Richardson, Texas. After, I went to college but had to drop out because we couldn't afford the tuition. I moved to San Francisco and, in '73, after the death of my daughter, Marigold, at age 5, I began to write "Interview With the Vampire," my first novel. I returned to New Orleans in 1988 and lived in several houses in my old neighborhood until 2004.

Today, I live in a small cottage in Palm Desert, Calif. I also keep an apartment in West Hollywood, near my son and novelist, Christopher Rice.

Sadly, I won't be here this Halloween. I'll be in New Orleans at the Anne Rice Vampire Lestat Fan Club Ball that my fans are throwing for me. I won't visit the family house, though. Everyone is gone now, and it's tinged with too much sadness.

—As told to Marc Myers

Novelist Anne Rice, 73, is the author of 36 books, including "Interview With the Vampire," "Queen of the Damned" and her latest, "Prince Lestat: The Vampire Chronicles" (Knopf).



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STORIED LIFE
Author Anne Rice at her current home in Palm Desert, Calif., above. Her childhood home in New Orleans, left, where storytelling was a family tradition and "Dracula's Daughter" played at a nearby movie theater.

THE PENTHOUSE ON LINCOLN PARK

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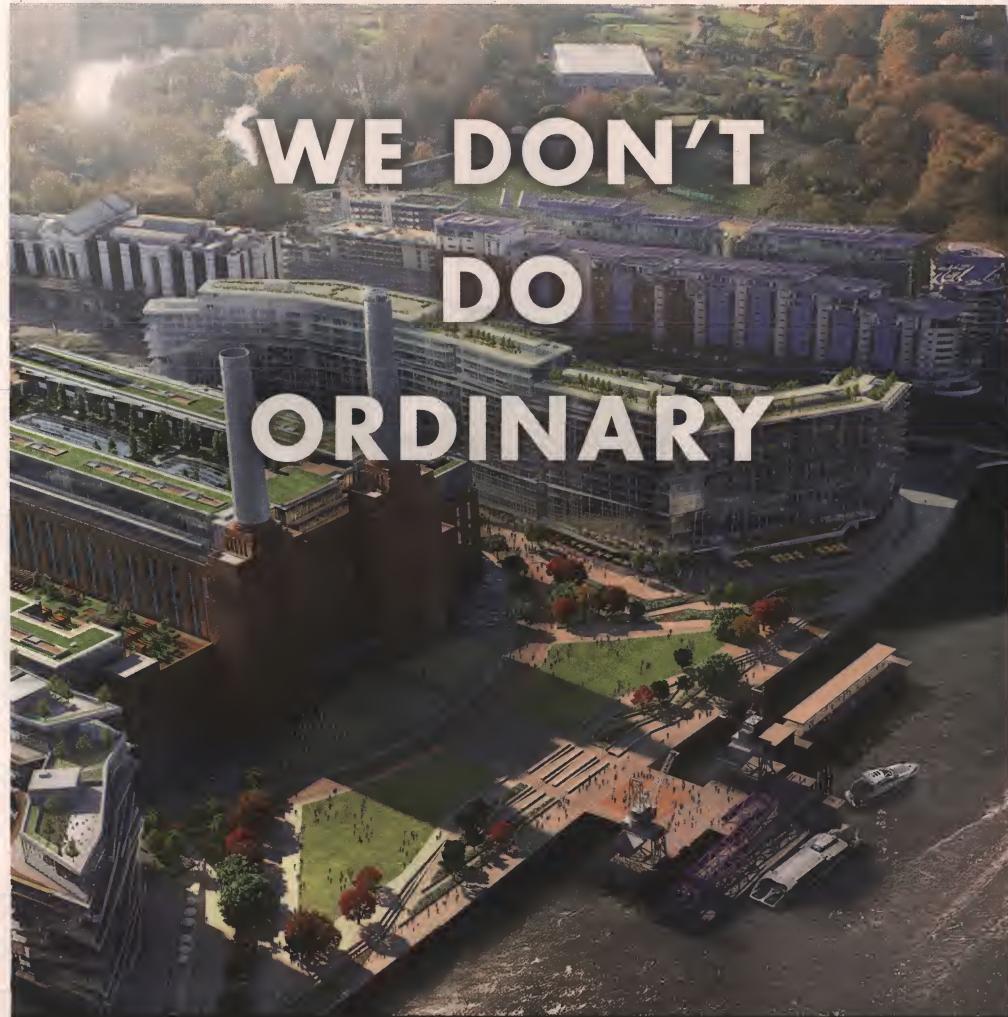
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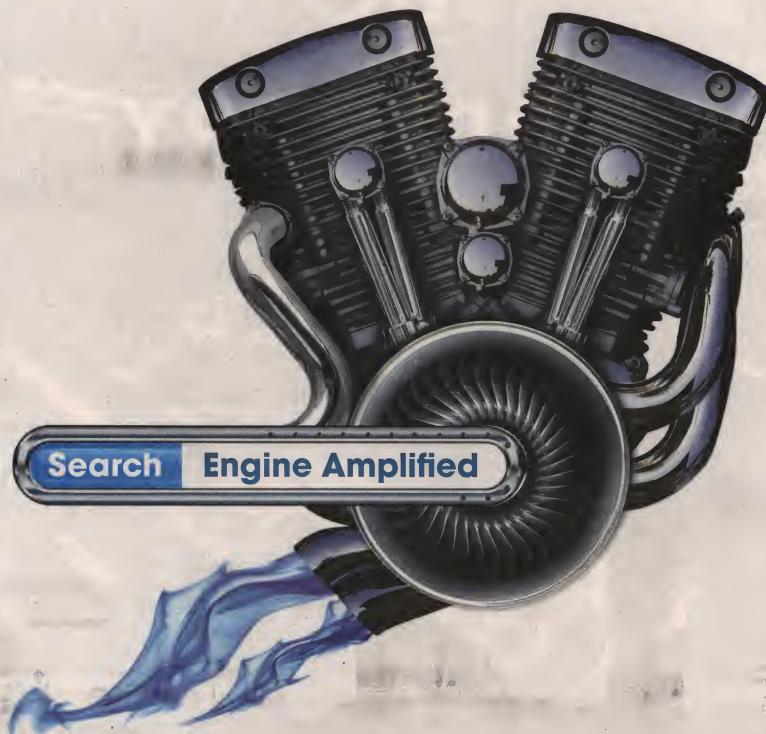
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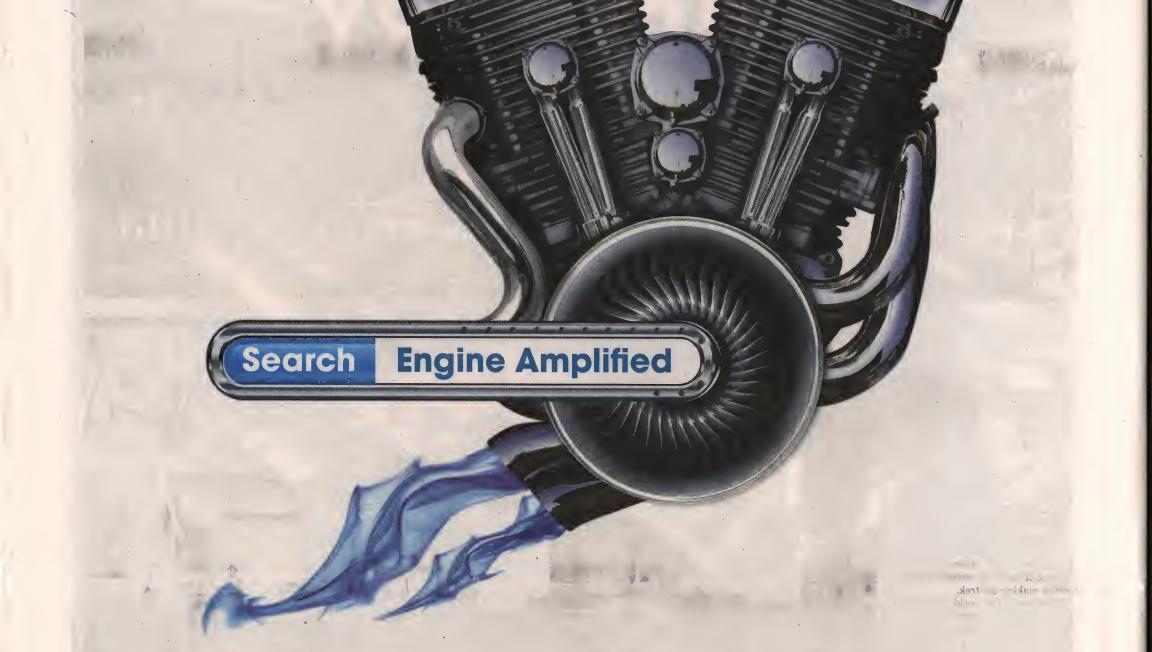
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MANSION



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High Stakes in Dracula's Transylvania

Romania's revived economy draws foreign buyers looking for historic mansions and modern villas in resort areas

BY MARTIN M. SOBCZYK

COUNT DRACULA, the central character of Irish author Bram Stoker's classic vampire novel, eagerly left for England in search of new blood, in a story that popularized the Romanian region of Transylvania. Today, house hunters are invited to make the reverse journey now that Romania is a member of the European Union and that restrictions were lifted this year on purchases of local real estate by the bloc's nationals.

Britain's Prince Charles, for one, unwinds every year in Zalanpatak. The mud road leading to the remote village stretches for miles, with the clanging of cow bells accompanying tourists making the trek.

Elsewhere in the world, the heir to the British throne occupies great castles and sprawling mansions. In rural Romania, he resides in a small old cottage. His is not the first, since 2006, in the restoration of a former farmhouse that's given the hamlet global popularity and added a sense of excitement about Transylvania living.

Transylvania, with a population of more than seven million in the central part of Romania, has a number of high-end homes on the market. And, yes, one is a castle. Bran Castle in Brasov county is marketed as the home of Count Dracula. In reality it was a residence of Romanian Queen Marie in the early 20th century. In 2007, the home was available for \$78 million. The sellers are no longer listing a price, said Mark A. Meyer, of Herzfeld and Rubin, the New York attorneys representing the queen's descendants, but will entertain offers.

Foreign buyers had been focused on Bucharest, where there was speculative buying of apartments after the country joined the EU in 2007. But Transylvania has been luring house hunters away from the capital city.

Transylvania means "the land beyond the forest" and the region is famous for its scenic mountain routes. Brasov, an elegant mountain resort and the closest Transylvanian city to the capital, has many big villas built in the 19th century by wealthy merchants. A 10-room townhouse from that period in the historic city center is listed for \$2.7 million. For \$500,000, a 2,200-square-foot apartment offers rooftop views of the city



MOAT POINT
Bran Castle is known as Dracula's Castle, though ties to the story are unclear. The 14th-century home is for sale—listed earlier at \$78 million.



PRINCELY Tibor Kalnoky, center, with visitors Guillaume de Lubier and Balint Horvath, manages the Zalanpatak property of Prince Charles, including a building with a dining area, left, and a guesthouse, right.



FOREIGN CORRESPONDENT

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Elsewhere in the world, the heir to the British throne occupies great castles and sprawling mansions. In rural Romania, he resides in a small old cottage. His involvement, since 2006, in the restoration of a few local farmhouses has given the hamlet special popularity and added a sense of excitement about Transylvania living.

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A seven-bedroom mansion in the nearby village of Halcu, close to popular skiing resorts, is on the market for \$2.4 million. The modern villa features two living rooms, a swimming pool, a tennis court and spectacular views of the Carpathian Mountains.

The village, founded by Saxons in the 12th century, has rows of historic houses across the street. Four such buildings were demolished to make way for the mansion, completed in 2010.

"Rather than invest a million or more to buy an existing house, the wealthy prefer to build on their own because construction materials and work is cheaper," said Radu Plavita, senior consultant at real-estate firm DTZ Echinox in Bucharest.

Non-EU nationals can purchase land outright—although they may use local agents and companies to circumvent the restriction—but they can buy buildings freely, said Razvan Popa, real-estate partner at law firm Kinstellar. High-end properties are



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PRINCELY Tibor Kalmoky, center, with visitors Guillaume de Laubier and Ralph Pease, manages the Zalanpataki property of Prince Charles, including a building with a dining area, left, and a guesthouse, right.



FOUR TO ONE A mansion for sale for \$2.4 million in Halcu village, above, was built on the foundations of four traditional Saxon homes. The pool and interior, above.

out of reach for many Romanians, who make about \$500 in monthly take-home pay.

The country saw a rapid inflation of real-estate prices before 2008, on prospects of Romania's entry to the EU and the North Atlantic Treaty Organization, as well as aggressive lending by banks. Values then fell by half during the global financial crisis.

The economy is stronger now, with the International Monetary Fund es-

timating 2.4% growth this year. But the country is still among Europe's poorest. Its isolation during the dictatorship of Nicolae Ceausescu gave it a bad image.

"Interest in Romania isn't comparable with Prague or Budapest where some may be looking to buy a small apartment with a view of Charles Bridge or the Danube," said Mr. Popa, the real-estate lawyer.

The international publicity around

Prince Charles's properties offers a counterbalance to some of the negative press Romania has received in Western Europe, which is worried about well-educated Romanians moving to other countries to provide inexpensive labor.

The Zalanpataki property is looked after by Tibor Kalmoky, a descendant of a Hungarian aristocratic family. The 47-year-old studied in Germany to be a veterinarian and, after re-

claiming family assets in Romania, has managed the prince's property and has hosted him during his visits.

These occasional visits are enough to attract scores of tourists throughout the year to the formerly obscure village in a Transylvanian valley. The fact that few street signs lead there, that the property offers no Internet or TV and that cellphone signals are absent for miles, seems only to add to the mystery of the place.

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Before the first snowflakes of winter, homeowners should think about spring savings.

Steps taken today could reduce the tax hit on April 15.

Most homeowners who itemize their taxes can deduct the interest paid on their first and second mortgages of up to \$11 million in debt. That total reduces up to \$1 million for home loans and another \$100,000 for home-equity loans.

The deductions add up for homeowners with jumbo mortgages—those above \$417,000 in most places and \$625,500 in high-price areas. A hypothetical example looks at a couple in the 30% tax bracket who files jointly.

Assuming their income is under \$300,000, the \$24,000 they paid toward mortgage interest could see a benefit of up to \$7,200 in tax savings, according to Mary Canning, dean emeritus and professor at

Golden Gate University's Braden School of Taxation and Accounting in San Francisco.

Some homeowners don't realize they can deduct the mortgage interest paid on second homes, Ms. Canning says. That second home can even be a boat, mobile home or any structure, as long as it has plumbing, such as toilets and showers. However, an empty lot being held to build a future retirement home doesn't qualify.

Homeowners who try to deduct mortgage interest on a second home that was purchased using a margin loan on their brokerage account. "Sometimes people are surprised that they cannot make the deduction," she says. It isn't allowed, however, because the loan "has to be secured against the home."

Beyond mortgage interest, documenting other home-related expenses can help further reduce tax bills. For example, self-employed taxpayers and business owners can write off



include "maintenance, insurance and property taxes," he adds.

Because the IRS doesn't require reporting of rental income for 14 days or less a year, some business owners rent their home to their business for a meeting or retreat and then deduct the rental fee as a business expense on their company's tax return, says Robert Walsh, founder and president of Red Bank, N.J.-based LightHouse Financial Advisors.

Homeowners can take a few steps now to prepare for tax time.

Program and measure home office space and total square footage, take pictures and save utility, security and real-estate tax bills, Mr. Walsh says. "If you paint your home office, it's a 100% expense to office," he adds.

Those who rent a second home regularly may wish to set up a separate bank account for rental earnings and keep a calendar for days of personal use, Mr. Walsh says.

Here are a few more tips to consider when looking for tax savings. Be sure to consult a tax professional or financial advisor for more specifics.

• **Income limits.** The Internal Revenue Service limits and phases out Schedule A itemized deductions if the taxpayer's adjusted gross income exceeds \$250,000 for a single individual or \$300,000 for a married couple, says Mr. Walsh. Common Schedule A deductions include mortgage interest, state and local income taxes, sales taxes, and medical expenses and charitable contributions.

• **Equity means everything.** That \$100,000 home-equity loan doesn't have to be used to improve the home.

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some expenses if part of their home qualifies as a home office, says Robert Winton, a partner at White Plains, N.Y.-based Citrin Cooperman & Co.

Qualified taxpayers with second homes can also rent out the property and deduct some of their expenses, Mr. Winton adds. Deductions can



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Real Estate Trends

Robbie's Real Estate Trends: First Responders

Dallas has been in the media glare lately – the hot point for our country's first experience with the lethal Ebola virus.

While there is so much to learn from these tense and often confusing days, one thing is for sure – such tragedies could be all the more worse without the dedication, selflessness and courageous behavior of our first responders and medical professionals. These heroic people put their lives on the line – without question – all on behalf of total strangers. From hospital staff to fire and rescue personnel, law enforcement, and, of course, our brave men and women of the armed forces; while most of us are running away from danger, they fearlessly run toward it.

It takes a special kind of person to perform this important work. As a worldwide public health threat intensifies, isn't it comforting to know physicians with organizations such as Doctors Without Borders are lining up right now to help ease suffering in nearly 70 countries. There is no shortage of people who want to lend assistance, and their lifesaving work is making a difference.

As children, we were taught to respect and admire our dedicated public servants. Over the years, they became so good in their roles – making their work look almost easy. Perhaps we took them for granted as a result. It is time to reverse that behavior. Whether it's Back the Blue, Salute the Scrubs, Support the Troops – no matter how you label the movement, it's all about the same thing. Respect.

Our first responders and medical professionals do so much, yet expect so little in return. Please join me in putting them first for a change. That is surely where they belong.


Robbie Briggs, President and CEO
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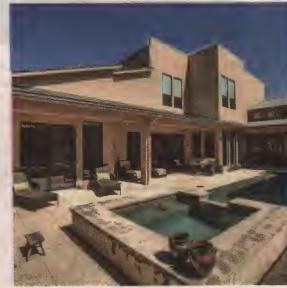
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CONDO BUYERS WOODED WITH KID CLASSES

Continued from page M1

plex at 265 State Street, toddlers will be able to take classes that will be staffed by artist-teachers from the Children's Museum of the Arts in Manhattan. Although the building is under construction, the museum has already tested some of the planned classes, such as clay-figure making, on neighborhood kids.

In addition, many concierge services at other upscale New York City developments are scheduling a variety of classes that rotate seasonally so that parents and caregivers simply need to hop on an elevator for their children to participate in an art, yoga or tumbling class.

"It's certainly one of the first amenities I mention when the client has a baby or toddler," says Gisele Vergara, a broker at Douglas Elliman who runs the exclusive classes at 15 Broad Street, a luxury high-rise in Manhattan's Financial District.

Ms. Vergara, who also resides at 15 Broad Street, says having such classes in the building not only has helped her to sell apartments there, but she has spent more time with her two young children as she continued to work.

"When the classes are an elevator ride down, you save so much time," she says. "I'm not sure if I could have had my kids in a class somewhere else and keep the work schedule I have."

Residents have to pay for the

classes, but returning students and siblings get discounts. Although the classes at 15 Broad are for residents only, some classes in other buildings have been open to the public.

New York boasts some of the most expensive real estate in the world. In Manhattan, the median sale price of a two-bedroom apartment is \$2.7 million, or \$1,569 a square foot, according to research firm CityHealth. Buyers in new condo buildings pay a median \$2.35 million for a two-bedroom unit, or \$1,893 a square foot.

Jared Delta Vella, president of Alloyd Development, one of the developers of Brooklyn's One John Street, recognized that the city's multimillion-dollar redevelopment of Dumbo's waterfront area would attract young families. So he reached out to the trustees at the Brooklyn Children's Museum in Crown Heights.

"Playrooms are wonderful, but children grow up, and we like it said. "We wanted to come up with an idea that would permanently connect our residents to the historic artistic elements of Dumbo and the park there."

The development, where prices start at about \$2.5 million for a three-bedroom unit, is expected to open in the summer of 2016.

"I think Alloyd's idea of bringing a museum into its [development] plan is visionary," says Mindy Dultz, president of the museum. "Children will be able



FOR KICKS At a karate class, shown at top, instructor David Kaplan works with Jack and Taylor Elliot, residents of 15 Broad Street in Manhattan. Above, the "tween" room at 8 Spruce Street, which is available to the children of residents.

to learn about the engineering behind the Manhattan and Brooklyn bridges while looking out the window!"

Mick Walsdorf, a managing partner at Flirk, the firm that is designing and developing 8 Spruce Street in Brooklyn, said the Children's Museum of the Arts was initially brought in to design the building's playroom. Eventually, talks between the two organizations led to the museum curating an arts program for future resident children.

When the building opens, the exclusive classes for residents will be

free for a year, Mr. Walsdorf said.

In some buildings, an active parent helps organize activities. After taking her two children to classes in other buildings in the Financial District, Karen Barotsky, a resident at New York by Gehry at 8 Spruce Street, suggested a class to the building's concierge. Her request led to a phone call to Rosanna Mazzoni, director of Music Together in the City, an early-childhood music program.

"I figured most people [with toddlers] don't want to leave the building

in the winter," Ms. Barotsky said. "Having a well-run common area is definitely one of the appeals of living in a large apartment building like mine." Units currently available for rent at 8 Spruce range from about \$3,000 a month for a studio apartment to about \$9,200 a month for a two-bedroom apartment.

Robert Madsen, a resident of 8 Spruce Street for about 2½ years, pays \$400 to have his almost 1-year-old daughter, Nellie, at a 11-week music class there.

"Having a class right in your building is probably one of the pluses for living here," Mr. Madsen said.

The boom in on-site classes is a boost to area entrepreneurs, such as Ms. Magarelli. She has been running music classes for about 20 years and first started seeing on-site classes about five years ago.

Cara Ottilio-Cooper, founder of yoga classes for children called Breathe Bend Grow, says she has worked with numerous buildings in Manhattan's Financial District and Battery Park City to keep her 2½ year old business on solid ground. Her 17-week fall/winter yoga session costs \$420 per student.

"Having a class right in your building is quickly, but I'm finding more opportunity in residential buildings," she says. "It's a new way to spread my love of yoga to everyone."

SPREAD SHEET | STEFANOS CHEN

When Buying a House, You're So Predictable

ARE YOU EFFICIENT, organized, thorough, diligent and detail oriented? Then you're a good candidate for a fixed-rate mortgage.

A new study finds that personality traits can help predict our real-estate decisions. Similarly, a second study finds that in states with a relatively predictable personality type, real-estate decisions often reflect that personality.

Researchers in the first study administered a widely used personality-assessment test to a diverse sample of 1,138 respondents. The test asks takers to rate themselves on a scale from 1 to 5 on questions that measure standard personality traits: Openness (think: artistic and imaginative), Conscientiousness (efficient, organized), Extraversion (sociable, energetic), Agreeableness (forgiving, understanding) and Neuroticism (tense, moody).

Once the researchers established the personality types of the respondents, they then asked five questions about their real-estate preferences, such as the type and duration of a mortgage, whether to rent or buy, and whether to invest in real estate or stocks. (The



findings were controlled for variables like level of education, homeownership, age, gender and race.)

The results showed "a very solid correlation" between personality and real-estate choices, said co-author Danny

Ben-Shahar, a professor at Tel Aviv University. Neurotic people, for example, prefer homeownership over renting. When they do buy, they opt for a mortgage with a lower loan-to-value ratio, which means the loan amount is low relative to

the value of the home. Prof. Ben-Shahar suspects this is because neurotic people are more averse to risk.

In another example, conscientious people preferred investing in real estate over stocks. One explanation: They

What's Your Type?

How personality traits influence real-estate buying or investing decisions.

People who score...

above average on...

...tend to

Conscientiousness ...show a preference for fixed-rate mortgages.

...show a preference for homeownership over renting.

Neuroticism ...show a preference for lower loan-to-value ratios.

...show a preference for real-estate investment over stocks.

Source: "Real Estate and Personality," Danny Ben-Shahar and Roni Cohen

are more willing to postpone gratification and invest in something that is considered less risky and offers diversification to a portfolio.

The overall findings will be published in the *Journal of Behavioral and Experimental Economics*.

In a second study by the same team, researchers looked at existing results of the same personality test, but from a much larger sample—about 1.6 million people. Predominant personality types were then matched with housing data from the U.S. Census and the Federal Reserve Bank of New York. Here, too, the personality

made a difference on real-estate choices.

States with relatively high marks for Openness—South Carolina, for instance—tend to choose fixed-rate mortgages.

The more Agreeable people are like Tennessee, prefer owning to renting. Neurotic states, like New York, choose lower loan-to-value ratios on the mortgage.

This isn't to say that every state's real-estate profile lines up exactly with personality traits, Prof. Ben-Shahar said. Still, an individual personality can have real consequences on the way we choose to live, he noted.



MORGENSTERN ON FILM

A Dark, Evil 'Nightcrawler' D3

PLUS Staying in tune at 89 D7



ARENA

MOVIES

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COMEDY

THEATER

DANCE

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THE WALL STREET JOURNAL.

Friday, October 31, 2014 | D1



BY BEN FRITZ

FOR A BIG-TICKET MOVIE, the science-fiction epic "Interstellar" is highly unusual. It cost a hefty \$165 million budget to make, but is also wholly original—that is, not based on a comic book, TV show, or young-adult novel. Amid much hoopla, it opens across the country on Nov. 7, after two days of special showings in 250 theaters.

The last time a studio made a movie that cost so much and had the potential of a "franchise" was 2010's "Inception." Like "Interstellar," Christopher Nolan, 46, is one of the very few directors to whom Hollywood issues a virtual carte blanche—along with extreme veneration.

Mr. Nolan's ability to combine box-office success with artistic ambition has given him an extraordinary amount

Few filmmakers today are treated with the deference of a Spielberg or a Cameron—except Christopher Nolan.

ross, cartoon characters and wizards cycled in and out of movie theaters. Accordingly, studios occupy the driver's seat on these massively expensive projects and their directors are hired hands. In recent decades, few besides Steven Spielberg and James Cameron have been entrusted with some

tion, where the crowd of 6,000 went wild.

"Interstellar" is far from a slam dunk. The film, which stars Matthew McConaughey and Anne Hathaway, clocks in at nearly three hours, mixes emotional drama with complex science and high-minded philosophy, and has far less fast-paced action than "Inception" or the director's Batman movies. And its delicate pre-release audience interest is similar to that of "Inception," for which some early reviews have been less than enthusiastic.

Critical response aside, the box-office numbers don't need to be record-breaking for Mr. Nolan to continue his reign. Hollywood is still a business where the people who wear suits are eager to be associated with the most respected artists. While he hasn't won an Academy Award, the director is revered by fansboys and cineastes alike. His



THE UBER-DIRECTOR

BY BEN FRITZ

FOR A BIG-TICKET MOVIE, the science-fiction epic "Interstellar" is highly unusual. It cost a hefty \$165 million budget to make, but that is, not based on a comic book, TV show or young-adult novel. Amid much hoopla, it opens across the country on Nov. 7, after two days of special showings in 25 theaters.

The last time a studio made a movie that cost so much and wasn't part of a "franchise" was 2010's "Inception." Like "Interstellar," it was directed by Christopher Nolan, one of the very few directors to whom Hollywood issues a virtual blank check.

Mr. Nolan's ability to combine box-office success with artistic ambition has given him an extraordinary amount of clout in the industry. Studios pay him as much as they do elite stars. Warner Bros. provides him with all the benefit of a studio deal with no strings attached. They indulge his personal passions—his love for traditional celluloid over digital technology, his fondness for IMAX big screens, his penchant for extreme secrecy. And they leave him alone, letting him go away and make his movies with little interference.

For a director to wield such power flies in the face of the current movie-business model, built upon superhe-

Few filmmakers today are treated with the deference of a Spielberg or a Cameron—except Christopher Nolan.

roes, cartoon characters and wizards cycled in and out of multiplexes. Increasingly, studios occupy the driver's seat on these massively expensive "event" films: Directors are hired and fired. In recent decades, few besides Steven Spielberg and James Cameron have been entrusted with near-total control.

Mr. Nolan, 44 years old, is known for his well-regarded

trio of "Batman" movies, which together grossed \$2.5 bil-

lion at the global box office. Even though his latest pic-

ture has little prospect of spawning sequels, toys and

theme-park attractions, everyone wants to work with him.

His most recent project will be the type of the

latest "Fast & Furious" or "X-Men," from the immersive

website created with Google to a surprise, debut appear-

ance by Mr. Nolan at the Comic Con pop-culture conven-

tion, where the crowd of 6,000 went wild.

"Interstellar" is far from a slam dunk. The film, which stars Matthew McConaughey and Anne Hathaway, clocks in at nearly three hours, mixes emotional drama with complex science and high-minded philosophy, and has far less fast-paced action than "Inception" or the director's Batman movies. Surveys indicate pre-release audience interest in the movie is down 20 percent, although some early reviews have been less than enthusiastic.

Critical response aside, the box-office numbers don't need to be record-breaking for Mr. Nolan to continue his reign. Hollywood is still a business where the people who wear suits are eager to be associated with the most respected artists. While he hasn't won an Academy Award, the director is revered by fans and cineaste alike. His rejection of the movie business—where he doesn't shoot with digital cameras, own a cell phone or have an email address—only adds to the mystique.

At a recent screening of the movie in New York, Paramount Pictures Chairman Brad Grey chose his words carefully as he introduced Mr. Nolan. After comparing the director to Stanley Kubrick, Alfred Hitchcock and Frank Capra, he said: "I am deeply grateful to have worked for Chris on this film."

Mr. Nolan, through a spokeswoman, declined to be in-

Please turn to the next page

Photo illustration by Chuck Anderson; Everett Collection (2); Open Road Films (Morgenthaler); UPPA/Zuma Press (Martin)



PLUS

'Sideshow' on Broadway and George R.R. Martin's greatest failure

Page D8



MOVIES

Christopher Nolan, Uber-Director

Continued from the prior page
interviewed. Paramount executives
wouldn't comment for this article.

Paramount and Warner Bros., which backed "Interstellar," were prepared to spend close to \$200 million to make the movie, according to a person who knew about the studio's plans. Mr. Nolan responded that he didn't need that much money, despite the picture's extensive use of digital and physical effects to create robots, dust storms, and mile-high waves.

The movie was for many years set up at Paramount, where Mr. Nolan's brother, Jonathan, had been in charge. The studio knew that Steven Spielberg would direct. When Christopher Nolan came on board, Warner, which had long been the filmmaker's home base, offered its rival a set of sweeteners to become involved. For the opportunity to co-finance "Interstellar" and release it on time, Warner gave Paramount rights it controlled to make future "Friday the 13th" sequels and a new "South Park" film.

Mr. Nolan is being paid the greater of more than \$10 million or more than 10% of revenue, minus certain deductions, according to a person familiar with the deal.

That's comparable to not just the highest-paid filmmakers in Hollywood, but many A-list actors.

Paramount agreed to cater to Mr. Nolan's love of old-fashioned film rather than digital projection, persuading movie theaters to invest in cameras to retain workers and dust off film projectors just for "Interstellar." Theaters that want to make extra money by showing the movie for two days before the planned Nov. 7 opening can do so, but only if they put away their usual digital projectors.

That applied to IMAX screens as well, which Mr. Nolan has long championed and for which he specially shot a little more than an hour of the film in extra-large proportions.

IMAX Corp. spent \$600,000 at one of its flagships, the TCL Chinese Theater in Hollywood, to replace its IMAX projector with the one that will premiere and subsequent run, according to a knowledgeable person. Then the venue will switch back to digital.

The last two directors who enjoyed such clout and independence with the studio were Messrs. Spielberg and Cameron. Mr. Spielberg's "Jaws" was released in 1975; Mr. Cameron's "The Terminator" in 1984. Mr. Nolan's first studio movie, "In-Somnia," came out in 2002.

Mr. Nolan is so revered at Warner, which released five of his six movies before "Interstellar," that the studio pays him a flat fee, plus salaries, expenses, and other expenses without any obligation in return. Typically, producers and filmmakers receive such "overhead" deals only in exchange for giving a studio the first chance to make any movie of theirs. Contractually, Mr. Nolan is on his own.

He would also accommodate Mr. Nolan's passion for secrecy. In early 2012, just after the holidays ended, a group of Warner's top movie executives gathered for an emergency meeting because Mr. Nolan was upset.

The filmmaker had told executives he was worried about a leak putting the picture and had told them to the Hollywood Reporter magazine about his plane to attend the sound mix on "The Dark Knight Rises" after audiences had a difficult time understanding actor Tom Hardy's Bane character in a preview, according to several people with knowledge of the matter.

MISSION COMMANDER
Christopher Nolan chose to shoot more than an hour of "Interstellar" in the IMAX format before actors Anne Hathaway and Matthew McConaughey on a journey to save the human race



Paramount/Universal/Courtesy Everett Collection

The executives, who had already treated frantic phone calls while the studio was closed between Christmas and New Year's, concluded it would be impossible to find the source. It took weeks until the issue was resolved with Mr. Nolan and his wife and producing partner, Emma Thomas, received a call from a knowledgeable people.

"Anything touching Chris Nolan is treated at the most heightened level," said one Warner Bros. employee.

Retaining Mr. Nolan for its key franchises has been a top priority at Warner. One of the reasons its slate of DC superhero films have rolled out more slowly than rival Marvel's

comic-book movies was the studio's lengthy pursuit of him to produce a "Justice League" film and "Batman" reboot. He declined, though he did produce last year's "Superman movie" "Man of Steel."

With some other directors, a ramped-up budget or construct their own mini-empires in Hollywood, Mr. Nolan has a reputation for focusing on his filmmaking. Ms. Thomas handles much of the business dealings for their production company, Syncopy, leaving her husband free to focus on writing, directing or editing.

And in contrast to the frantic last-

minute reshoots of so many big-budget movies, Mr. Nolan's work is reliable. He delivers films that are remarkably close to what he originally pitched to his backers. They come in ahead of schedule and under budget. In April, in time when many summer releases were still far from complete, studio executives saw Mr. Nolan's first cut of "Interstellar"—nearly identical to the one hitting theaters now.

"It's like Hitchcock—he tells you what he's going to deliver and you decide whether to be his collaborator," said one studio executive involved in the movie.

Mr. Nolan, who comes off as a brainy introvert, grew up in England and Chicago. He speaks with a British accent, giving him an air of sophistication accentuated by his habit of wearing suits—and often scarves—at a time when many directors prefer T-shirts and baseball caps. Some who have worked with the director describe him as cold and aloof, though none say he is arrogant. But he's also clear about what he wants.

"I'm continually impressed by his self-deprecation and humility, but with that comes some confidence," says Alan Horn, chairman of Walt Disney Studios and former president of Warner Bros.

Mr. Nolan won the job of rebooting Warner's most famous superhero in 2004's "Batman Begins" with a 90-minute pitch, without a script or any experience being big-budget. "It was leap like that with another film-maker," said Jeff Robinov, the former film group chief of Warner Bros. who now runs the independent company Studio 8. "I consider it a blessing to work with him as long as I did, forget about the economic success of the movie."

Studios realize that Mr. Nolan and his wife of 14 years, whom he met in college in England, are a two-for-one package. And though the pair have worked with experienced, activist producers in the past, they are now working with a more experienced operator. This is rare, given the immense management challenges of a production like "Interstellar."

"She speaks for him much more than he speaks for himself," said one longtime associate of the duo.

"It's like she's the prime minister," added another person who knows Mr. Nolan and Ms. Thomas, "and he's royalty."



6. *The Dark Knight* (2008) // \$1 billion

Mr. Bale is back in Gotham City in part two of the Batman trilogy. But the scene-stealer, as sadistic crime boss the Joker, is Heath Ledger, who died before the film opened and posthumously was awarded an Oscar for best supporting actor.

7. *Inception* (2010) // \$328 million

Leonardo DiCaprio stars as a leader of a team that can penetrate the consciousness of targeted individuals during their sleep to plant ideas in their minds.



THE NOLAN PORTFOLIO

Mindbend Movies

to finance "Interstellar" and release it overseas, Warner gave Paramount rights it controlled to make future "Friday the 13th" sequels and a new "The Dark Knight" film.

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Hollywood also accommodates Mr. Nolan's passion for secrecy. In early 2012, just after the holidays ended, a group of executives from studios and media gathered for an emergency meeting because Mr. Nolan was upset.

The filmmaker had told executives he wanted them to find and punish the person who had talked to the Hollywood Reporter magazine about his plan to alter the sound mix on "The Dark Knight Rises" after studio executives had a difficult time understanding actor Tom Hardy's Dane character in a preview, according to a person with knowledge of the matter.



Paramount/Pixar Collection

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While some uber-directors run rampantly over budget or construct their own mini-empires in Hollywood, Mr. Nolan is a minimalist. He focuses on his filmmaking.

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Mr. Nolan has the job of rebooting Warner's most famous superhero in 2014's "Batman Begins" with a 90-minute pitch, without a script or any experience making big-budget films.

"I don't think we ever made a leap like that with any other filmmaker," said Jeff Robinov, chairman of Warner Bros. who runs the independent company Studio 8. "I consider it a blessing to work with him as long as I did, for get about the economic success of the films."

Studio executives realize that Mr. Nolan and his wife of 14 years, who have two sons, are a two-for-one package. And though the pair have worked with experienced, activist producers in the past, they are now essentially an independent operation. This is rare, given the immense management challenges of a production like "Interstellar."

"She speaks for him much more than he speaks for himself," said one longtime associate of the duo.

"It's like she's the prime minister," added another person who knows Mr. Nolan and Ms. Thomas, "and he's royalty."



6. *The Dark Knight* (2008) //

\$1 billion

Mr. Bale is back in Gotham City in part two of the Batman trilogy. But the scene-stealer, as sadistic crime boss the Joker is Heath Ledger who died before the film opened and posthumously was awarded an Oscar for best supporting actor.

7. *Inception* (2010) //

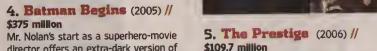
\$520 million

Leonardo DiCaprio stars as leader of an outfit that can penetrate the consciousness of targeted individuals during shared dreams to extract or implant memories. The work uses especially dreamlike scenes, and visually mind-blowing, when folks start having dreams within dreams. The film won Oscars for its cinematography, sound, and visual effects.

8. *The Dark Knight Rises* (2012) // \$1.1 billion

Metal-clad muscleman Bane (Tom Hardy) physically overpowers Batman and his allies to destroy Gotham City by exploding a fusion reactor that had been built for peaceful purposes by Bruce Wayne's own company, Wayne Enterprises. Anne Hathaway, as cat burglar Selina Kyle, aka Catwoman, helps the hero save the day and wrap up the trilogy.

All totals worldwide, except "Following" (domestic only); sources: Box Office Mojo, Warner



THE NOLAN PORTFOLIO

Mindbend Movies

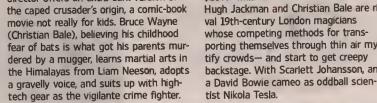
"*Interstellar*" isn't Christopher Nolan's first attempt to warp reality and bend our minds. Over his eight prior movies, the director has played with time and perception in both his stories and his storytelling techniques.

1. *Following* (1997) // \$46.500*

Mr. Nolan's debut is a 90-minute black-and-white film noir that premiered at the Sundance Film Festival (not its fandier neighbor Sundance). It's about a would-be writer (Jeremy Theobald) who voyeuristically follows people, gets involved in crime, then isn't sure who's on his side. Nolan's shifting back and forth in time can make following things a challenge for the audience too.

2. *Memento* (2000) // \$39.7 million

Guy Pearce stars as a man trying to discover who killed his wife, though due to a brain injury he can't retain each day's new memories. It's a tense memory-erasing exercise by its star. Most of the scenes are shown in reverse chronological order, unveiling the past little by little to the audience and protagonist.



*All totals worldwide, except "Following" (domestic only); sources: Box Office Mojo, Warner

MORGENSTERN ON FILM

Jake Gyllenhaal and, below, with Renée Russo

'Nightcrawler': Raw, Stylish, Riveting



BY JOE MORGENSTERN

REVIEW
Dan Gilroy's "Nightcrawler" is a dark dream of a thriller, full of evil that floats like a toxic cloud across an already tainted city. The setting is Los Angeles, seen mostly at night, where a drifter with a quick mind and hollow eyes finds his calling as a freelance video reporter. Lou Bloom (Gyllenhaal) is played by Jake Gyllenhaal, forages for images of urban violence to feed the insatiable maw of local TV news. Devoid of feeling, he'd be the soul of alienation if he had a functioning soul. Lou is as scary, in his smooth-talking way, as Robert DeNiro's Travis Bickle was in "Taxi Driver." But Mr. Gyllenhaal's startling performance is the real attraction in this impeccably crafted feature film. Mr. Gilroy's directorial debut connects its hero's tacit madness to the larger craziness of a broadcast medium that teaches vast numbers of viewers to live with a false sense of insecurity.

The full import of Lou's saga sneaks up on you; at first he's just a creepy scumbag and sellout. But as the plot unfolds in sprawling frames, though, Robert Elswit's beautifully brooding cinematography conveys a sense of something significant going on—a vision of mean surface streets and sinuous freeways, of microwave towers showering data on the metropolis, of raw possibility. Lou is a quick learner. Once he sees how much he can profit from his association with an old co-worker and a cheap police scanner and he's off and running to the scenes of savage dog attacks, fiery car crashes, home invasions and multiple murders.

Does his surname refer to Leopold Bloom, the urban wanderer in James Joyce's "Ulysses"?



The notion would be silly if "Nightcrawler" were a generic exploitation flick and Lou a standard-brand sociopath. But Mr. Gilroy was a writer before he turned director—he and his brother Tony Gilroy wrote "The Bourne Legend" and "The Bourne Ultimatum." Lou is a swill, he's also an autodidact who spouts corporate-speak and the jargon of interpersonal relations, even though he's almost indigent at the outset and not, in the strict sense of the term, a coherent person.

The film is frequently blood-soaked and harrowing, yet it can be very funny. One of its spe-

cial pleasures is the relationship between Lou and a clueless, as well as homeless, young man named Rick (an affecting performance by Riz Ahmed). After taking Rick on as an unpaid assistant—it's an internship, Lou says—the self-taught son of a TV news reporter impresses his new hire with surreal discussions of his business plan, while subjecting Rick to pointed performance reviews. (In fact, Rick, unlike his boss, has a vestigial sense of right and wrong.) Some of Lou's flights of verbal fancy are so elaborate that they may sound like nothing more or less than pretentious writing. But Mr.

Gyllenhaal handles them with perfect aplomb, and they come to reflect, as intended, a character whose intelligence is only keen, and utterly free of moral structure.

"Nightcrawler" would be worth checking out if it were only a gritty genre piece with a singular protagonist. But Mr. Gilroy has given the directorial reins to a pointing Lou toward the woman of his fevered dreams, then putting the two in a unlikely league with one another. Her name is Nina Romina, she's the news director of the TV station with the lowest ratings in town, and she's played by Renée Russo with a steely desperation that's both chilling and quite moving. She's a woman who's been asked to sit after seeing a gory sample of his work. Watching Nina in action, one inevitably recalls Faye Dunaway's Diana Christensen in "Network." But Diana was preposterously over the top, while Nina is plainspoken about her hunger for trash. "Think of our newscast," she says, "as a screaming woman running down the street with her throat cut."

It's the kind of operation of a local news operation that is itself over the top, but not by all that much. Like many a channel you're liable to surf, Nine's station packages fear and sells it shamelessly. (Mr. Gilroy has chosen wisely to keep the off-camera workings of the station grounded in reality; no one for a moment doubts that the company with the most departments (urid, self-parodying footage). As far as Lou is concerned, the station is heaven on earth and Nina is his guardian devil, ever more lavish in her praise of the vile reportage for which he has a special gift. "I think," she tells her staff with quiet fervor, "Lou is inspiring all of us to reach a little higher."

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'Before I Go To Sleep'

We still have two months to go, so anything can happen, but at the moment "Before I Go To Sleep" looks like a strong candidate for Best Picture or for Most Befuddling Narrative Structure. Nicole Kidman is Christine Lucas, a wife and frightened recluse whose memory is only marginally better than that of Leonard, the amnesiac played by Guy Pearce in "Memento." She can't remember minutes at a time. She retains what happens during the course of each day, but her mind erases everything overnight. As a result of her condition, which was caused by some sort of terrible trauma, her husband, Ben (Colin Firth in full melancholy mode), must remember every morning of what has gone before.

This pattern gives the film unintended overtones of "Groundhog Day." The repetitiveness grows worse when Dr. Nasch, a self-serious neuropsychiatrist played by Mark Strong, contacts the poor woman out-



'Horns'

In "Horns," a ludicrous horrorfest that traffics in angels, devils and quasi-religious symbols, the young hero, Ignatius Perrish (Daniel Radcliffe), drives an old AMC Gremlin. I mention this mainly because the Gremlin is a figure that, in a sense of its own, reminded me that cars used to have cigarette lighters. (I, as he's known, uses the one in his car to light up several cigars, even though he also uses an inhaler and is presumably asthmatic.) Asthma isn't his only affliction, though: He's also the death of his girlfriend, Merrin (Juno Temple) (or has become a parish. Worse still, he has sprouted—yes, you guessed it, but how?—a pair of horns.

What in the world is Mr. Radcliffe doing to himself in his post-Harry Potter career? His movies are supposed to be entertaining, and directors are supposed to protect their actors, not expose them to derision. The director here, Alex-



Tension" and "Mirrors," but "Horns" is uncertain in tone—most of its attempts at humor fall flat—and amateurish. The story is based on a novella by Keith Bunin from a popular novel by Joe Hill. The cast includes Max Minghella, James Remar, Kathleen Quinlan, Heather Graham and Da-

Raw, Stylish, Riveting

Open Road Films (2014) © 2014 Open Road Media. All Rights Reserved. (Bottom Left)

BY JOE MORGENSEN

FILM REVIEW

Dan Gilroy's "Nightcrawler" is a dark dream of a thriller, full of violence, floating like a toxic cloud across the already tattered city. The setting is Los Angeles, seen mostly at night, where a drifter with a quick mind and hollow eyes finds his calling as a freelance video cameraman. Lou Bloom, who is played by Jake Gyllenhaal, forages for images of urban violence to feed the insatiable appetites of local TV news. Full of feeling, he'd be the kind of alienation if he were a functioning soul. Lou is as scary in his smooth-talking way as Robert DeNiro's Travis Bickle was in "Taxi Driver." But Mr. Gyllenhaal's startling portrayal is far from the only distinction in this impeccably crafted feature film. Mr. Gilroy's direction, debt-free, crafts its hero's tact managing the legal constraints of broadcast medium that teaches vast numbers of viewers to live with a false sense of insecurity.

The full import of Lou's saga sneaks up on you; at first he's just a creep scavenging and selling scrap metal. From the opening frames, though, Robert Elswit's beautifully brooding cinematography gives a sense of something significant going on—a world of sun-dappled streets and sinuous freeways, of microwrecks, towers showering data on the metropolis, of raw possibility. Lou is a quick learner. Once he sees how other video predators do it, he hustles himself an old comrade and a cheap police scanner and he's off and running to the scenes of savage dog attacks, fiery car crashes, home invasions and multiple murders.

Does his surname refer to Leopold Bloom, the urban wanderer in James Joyce's "U-



lysses"? The notion would be silly if "Nightcrawler" were a generic exploitation flick and Lou a simple goon. In truth, Lou Bloom was a writer before he turned to security—and his brother Tony Gilroy wrote "The Bourne Legacy"—and Lou is a writerly creation. A sponge for swirl, he's also an autodidact who spouts corporate-speak and the jargon of interpersonal relations, even though he's almost indigent at the outset and not, in the strict sense of the term, a coherent person.

The film is frequently blood-soaked and harrowing, yet it can be very funny. One of its spe-

cial pleasures is the relationship between Lou and a clueless, as well as homeless, young man named Rick (an affecting performance by Riz Ahmed). Lou is taking Rick on as an unpaid assistant—it's an internship, he says—but the self-styled boss of a TV news service impresses his new hire with solemn discussions of his business plan, while subjecting Rick to periodic performance reviews. (In fact, Rick, unlike his boss, has a vestigial sense of right and wrong.) Some of Lou's flights of verbal fancy are so elaborate that they may sound like nothing more or less than pretentious writing. But Mr.

Gyllenhaal handles them with perfect aplomb, and they come to reflect, as intended, a character whose intelligence is eerily keen, and utterly free of moral structure.

"Nightcrawler" would be worth checking out if it were only a gritty genre piece with a singular protagonist. But Mr. Gilroy has upped the dramatic ante by pointing Lou toward the woman he's been taking back on as an unpaid assistant—she's an internship, he says—but the two in unloving leagues with one another. Her name is Nina Romina, she's the news director of the TV station with the lowest ratings in town, and she's played by Rene Russo with a steely desperation that's both chilling and quite moving. "You have a good eye," she tells Lou after seeing a gory sample of his work. Watching Lou's career ambitions, she recalls Faye Dunaway's Diana Christensen in "Network." But Diana was preposterously over the top, while Nina is plainspoken about her hunger for trash. "Think of our newscast," she says, "as a screaming woman running down the street with her throat cut."

It's an apt description of a local news operation that is itself over the top, but not by all that much. Lou's station is cheap, shabby, and profitless. (Mr. Gilroy has chosen wisely to keep the off-camera workings of the station grounded in reality; no need for glib parody that would compete with the news department's self-parody.) As much as Lou is conceded, the station is heavily overhyped, by the head, a madman devil, over more lavish in her praise of the vile reportage for which he has a special gift. "I think," she tells her staff with quiet fervor, "Lou is inspiring all of us to reach a little higher."

► Email Joe at joe.morgensen@wsj.com and follow him on Twitter, @JoeMorgensen.

'Before I Go To Sleep'

We still have two months to go, so anything can happen, but at the moment "Before I Go To Sleep" looks like this year's grand-prize winner for Most Befuddling Narrative Structure. Nicole Kidman is Christine Lucas, a woman who is frightened of the past, whose memory is only marginally better than that of Leonard, the amnesiac played by Guy Pearce in "Memento." He can't form new memories at all. She retains what happens during the course of each day, but her mind erases what came overnight. As a result of her condition, which was caused by some sort of terrible trauma, her husband, Ben (Colin Firth in full melancholy mode), must remind her every morning of what has gone before.

This pattern gives the film a mindless, repetitive feel of "Groundhog Day." The repetitiveness grows worse when Dr. Nasch, a self-serious neuropsychiatrist played by Mark Strong, contacts the poor woman out of the blue and then, day after day, calls into question everything she has been told about her prior life. For Christine, who knows someone once tried to kill her but can't remember



who, the problem is sorting out the truth. For us, the problem is that most of what's happening in the movie's present involves people rattling on about what may or may not

have happened in the past. Rowan Joffe directed from his own adaptation of a novel by S.J. Watson. If you're thinking of seeing this turgid turkey, forget it.

'Horns'

In "Horns," a ludicrous horror-fest that traffics in angels, devils and quasi-religious symbols, the young hero, Ignatius Perrish (Daniel Radcliffe), drives an old AMC Gremlin. I mention this mainly because the Gremlin, who figures in a key scene of the movie, is the last car that uses to have cigarette lighters. (Ig, as he's known, uses the one in his car to light up several ciggies, even though he also uses an inhaler and is presumably asthmatic. Asthma isn't his only affliction, though. He's also allergic to his girlfriend, Muri (Uma Thurman).) Ig has become a pariah. Worse still, he has sprouted—yes, you guessed it, but how?—a pair of horns.

What in the world is Mr. Radcliffe doing to himself in his post-Harry Potter movie career? Movies are supposed to be entertaining, and the best way to do that is to protect their actors, not expose them to derision. The director here, Alexandre Aja, has made his reputation in the horror genre with such films as "The Hills Have Eyes." "High



Tension" and "Mirrors," but "Horns" is uncertain in tone—most of its attempts at humor fall flat—and amateurish to boot. The script was adapted by Keith Bunin from a popular book by Michael Chabon. Besides Max, Jimmie, James Remar, Keith Urban, Heather Graham and David Morse, Frederick Elmes was the cinematographer; his work, as always, is first-rate.

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DVD // STREAMING // DOWNLOAD

'The Interpreter' (2005)

Nicole Kidman is Silvia Brooman, an interpreter at the United Nations headquarters in New York and a specialist in obscure African languages. By an electronic device that sets the pace of motion, she overhears a whispered conversation whose meaning is all too clear—a visiting dignitary is to be assassinated. Sydney Pollack's film is a political thriller of great clarity, but Ms. Kidman's fine performance helps carry the day. So does Sean Penn as Tobin Keller, a member of the Secret Service's Dignitary Protection Squad.

'Harry Potter and the Prisoner of Azkaban' (2004)

In discussing "Horns," I talked about a director's obligation to protect the actors, and to be empathetic. Here's a truly worthy example. Daniel Radcliffe had already done two Harry Potter films for the mainstream director Chris Columbus, an exponent of hard-charging exuberance over subtlety. They were hits, but could they not have been more artistically distinguished? Then Alfonso Cuarón took the director's chair, and everything changed for the better. "Harry Potter and the Prisoner of Azkaban" is full of wonders, great and small.

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ABCs OF DEATH 2: MIDNIGHT 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

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THE PENITENT 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

THE ZERO THEOREM 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

FRIDAY THE 13TH 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

TRUE ROMANCE 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

EL TOPO 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

THE WIZARD OF OZ 12:30AM, 1:30AM, 2:30AM, 3:30AM, 4:30AM, 5:30AM, 6:30AM, 7:30AM, 8:30AM, 9:30AM, 10:30AM

'Source Code' (2011)

Jake Gyllenhaal is Colter Stevens, an army captain who wakes up in someone else's body in this fascinating, time-warping thriller that Duncan Jones directed with Alan Ripley like "Before I Go To Sleep." The premise requires repetition—a series of Colter's attempts to fore-stall the bombing of a commuter train heading for Chicago. Unlike the snoozier "Source Code" is ingenious, involving and consistently entertaining, thanks not only to its star but to a supporting cast that includes Michelle Monaghan, Jeffrey Wright and Vera Farmiga.



MOVIES & BOOKS



Shirley MacLaine Acts Her Age

BY DON STEINBERG

TO ANYONE FAMILIAR with Shirley MacLaine's existential outburst on life (which includes her past life), it should come as no surprise that the actress is philosophical about being 80 years old and still starring in movies.

"I live in the present, and if my present happens to be 80, that's it," she says. "When I was 21 I could play 32, and when I was 32 I could play 21. And now if they need old people—whether they are alive? They have to come to me. I'm OK with that."

In the romantic comedy/drama "Elsa & Fred," which opens Nov. 7, Ms. MacLaine co-stars with Christopher Plummer, who is 84. (They both play younger: The Elsa character is 70; the Fred is 60.)

Frederick is a newly widowed grandfather whose daughter (Maggie Gyllenhaal) and knucklehead son (Gael García Bernal) have moved into an apartment where he can be looked after by an upbeat nurse, played by Indigo, hired to stop in occasionally—though he'd prefer to be left alone. Elsa is the lively, nutty dame who lives across the hall; the same kind of girl-next-door character that won Ms. MacLaine fans (and awards) playing opposite Jack Palance in "The Apartment" in 1960 and "Irma La Douce" in 1963. Elsa wants to take dance lessons and jet to Rome to re-enact the romantic fountain scene from her favorite movie, "La Dolce Vita." It's not clear which of her tales about her past—that she is a widow, that Picasso once painted her portrait—are true.

What happens as Elsa and Fred get to know each other is a little predictable, but seeing two stars together who've been on screen sepa-

rately since the 1950s is its own kind of treat. They did both appear in the 2007 Richard Attenborough epic "Closing the Ring," but that film never received a U.S. theatrical release. Ms. MacLaine and Mr. Plummer must have worked together before that.

"I think I did, but, hell, I don't remember. Christopher can't remember having worked, much less worked with me," she jokes. She says the two of them had a blast going out drinking together on location (they shot in New Orleans and Rome), "and we both love our animals to death."

Ms. MacLaine has kept busy. Last year she played Ben Stiller's mom in "The Secret Life of Walter Mitty." Last spring, in a cameo role on the TV series "Glee," she sang in two episodes, lest anyone forgot the successes of the song-and-dance roles she played on Broadway and in films. Her coming work includes a recurring role on the TV series "The Good Wife" and a short film in the Country Islands. She plays a Social Security recipient who goes on the lam after getting a check made out for \$900,000 instead of \$900. She co-stars with Jessica Lange and "a bunch of terrific old guys who are really funny, like Billy Connolly and Howard Hesseman."

"I think it's a terrible blight on Hollywood that they don't make movies for the next generation," she says. "Everything is for everybody, from 12 to 19. I don't understand what the problem is with giving older people as much to look at as the 'Spider-Man 39' people."

She liked "The Best Exotic Marigold Hotel," the 2011 film about an old-folks adventure, starring Judi Dench, Bill Nighy, and Maggie Smith. "I wish there's only one of us [in our [others], let's face it. I'd like to be the queen of AARP. I wanna do those kind of movies."

◀ Endless Love

In "Elsa & Fred" co-stars Shirley MacLaine, 80, and Christopher Plummer, 84, show that true love isn't just for kids. The comedy/drama, set in New Orleans and Rome, romantically pairs actors who both began their screen careers in the 1950s, suggesting there is hope for late-act lovers everywhere. Some other actors and actresses who paired up on screen well into their careers:

John Wayne and Lauren Bacall 'The Shootist' (1976)

Aside from co-starring in "The Shootist" in 1976, the two screen legends had been working for decades in film and not worked together. Ms. Bacall, just 52, plays an early-1900s widow in Nevada who takes in a dying old gunfighter. It was Mr. Wayne's final film, at age 69.



Katharine Hepburn and Henry Fonda 'On Golden Pond' (1981)

Incredibly, this wasn't only the first film together for the two actors, who had been stars since the 1930s. As Hollywood lore goes, they first met when Mr. Fonda was 74 and Mr. Hepburn was 76. They won Oscars for Best Actress and Best Actor, and the movie was the second highest-grossing of 1981, after "Raiders of the Lost Ark."



Gena Rowlands and James Garner 'The Notebook' (2004)

Both were in their 70s and had about 50 years in the business when they made this first film together as aging couple Allie and Duke, loving each other with a quiet passion that the young versions of themselves, played in flashback by Rachel McAdams and Ryan Gosling.



Michael Douglas and Diane Keaton 'The Bucket List' (2007)

This just-released film, with Mr. Douglas, 70, and Ms. Keaton, 68, in roles that may seem familiar. He's a cynical real-estate agent who hasn't loved since his wife died. She's also alone and trying to make it as a lounge singer. Director Rob Reiner, who helmed the film from his romantic comedy "When Harry Met Sally" and his oldie-wish-fulfillment comedy "The Bucket List" to explore whether the aging neighbors could have one more great romance.

BOOKS: 'THE FINAL SILENCE' AND 'BELFAST NOIR'

Belfast: New Hotbed of Crime Fiction

BY STEVE DOUGHERTY

A CLIMACTIC SCENE of Stuart Neville's new crime thriller, "The Final Silence," takes place at the Victoria Square shopping mall in Belfast, Northern Ireland.

With its four-story atrium, cinema, food courts and crowds of shoppers, it looks like any mall the world over. But for Detective Chief Inspector Serena Flanagan, a 30-year-old woman who grew up during the Troubles, 30 years that engulfed the country in sectarian violence, the mall evokes painful memories.

"A place like Victoria Square couldn't have existed when she was [a]



As a teenager, he devoured books by Stephen King and played guitar in a rock 'n' roll band. When he and his Protestant schoolmates needed a drummer, they ventured to a Catholic school and found one. "All of a sudden we had to cross that divide. If you wanted to play music, you couldn't stay in your own segregated bubbles."

Influenced by James Ellroy's crime novels, he wrote stories and two failed novels before his first book sold: "The Ghosts of Belfast" (published in the U.K. as "The Twelve") is about a former IRA hit man named Gerry Fegan, who is haunted by the specter of his own victims. The book received critical acclaim and best-fiction awards.

He followed it with two police procedurals ("Collision," in 2010 and "Stolen Souls" in 2013), both featuring Detective



Katharine Hepburn and Henry Fonda
'On Golden Pond' (1981)

Incredibly, this wasn't only the first film together for the two actors, who had been stars since the 1930s. As Hollywood became a memory, the time they'd met, Ms. Hepburn was 74 and Mr. Fonda, in this, his last film, was 76. They won Oscars for Best Actress and Best Actor, and the movie was the second highest-grossing of 1981, after "Raiders of the Lost Ark."

Shirley MacLaine Acts Her Age

BY DON STEINBERG

TO ANYONE FAMILIAR WITH Shirley MacLaine's eccentric outlook on life (which includes her pants), it comes as no surprise that the actress is philosophical about being 80 years old and still starring in movies.

"I live in the present, and if my present happens to be 80, that's it," she says. "When I was 21 I could play 32, and when I was 32 I could play 29. And now if they need old people—who else is alive? They have to come to me. I'm OK with that."

In the romantic comedies "Elsa & Fred," which opens Nov. 7, Ms. MacLaine co-stars with Christopher Plummer, who is 84. (They both play younger: The Elsa character is 74, Fred is 80.)

Fred is a newly widowed grandfather whose daughter (Marcia Gay Harden) and knucklehead son-in-law (Chris Noth) move him into an apartment where he's a recluse. Elsa is a sweet nurse, played by Indigo, hired to stay in occasionally—though he'd prefer to be left alone. Elsa is the lively, nutty dame who lives across the hall, the same kind of girl-next-door character that won Ms. MacLaine fans (and awards) playing opposite Jack Lemmon in the Billy Wilder comedy "The Apartment" in 1960 and "Irma La Douce" in 1963. Elsa wants to take dance lessons and jet to Rome to meet the romantic fountain scene from her favorite movie, "La Dolce Vita." It's not clear which of her tales about her past—that she is a widow, that Picasso once painted her portrait—is true. What happens as Elsa and Fred get to know each other is a little predictable, but seeing two stars together who've been on screen sepa-

rately since the 1950s is its own kind of treat. They did both appear in the 2007 Richard Attenborough epic "Closing the Ring," but that film never received a U.S. theatrical release. Ms. MacLaine thinks the two must have worked together before that.

"I think I did 'Elsa & Fred.' I don't remember. Christopher can't remember having worked much less worked with me," she jokes. She says the two of them had a blast going out drinking together on location (they shot in New Orleans and Rome), "and we both love our animals to death."

Ms. MacLaine has kept busy. Last year she played Mrs. St. John in "The Secret Life of Walter Mitty." Last spring, it was a guest on the TV series "Glee," she sang in two episodes, lest anyone forgot the successes of the songs and dance roles she played on Broadway and in films. Her coming work includes a starring role in "Wild Oats," which she just finished filming in the Canary Islands. She plays a Social Security agent who gets a raise after getting a check made out for \$900,000 instead of \$900. She co-stars with Jessica Lange and a bunch of terrific old guys who are really funny, like Billy Connolly and Howard Hesseman."

"I think it's Ms. MacLaine that they don't make more pictures for my generation," she says. "Everything is for everybody from 12 to 19. I don't understand what the problem is. She's giving older people a chance to look at as the 'Spider-Man 3' people."

She liked "The Best Exotic Marigold Hotel," the 2011 film about an old-folks adventure, starring Judi Dench, Bill Nighy, and Maggie Smith. "And, well, there's only really three or four [others], let's face it. I'd like to be the queen of AARP. I wanna do those kind of movies."



Gena Rowlands and James Garner
'The Notebook' (2004)

Both were in their 70s and had about 50 years in the business when they made this film together, aging couple Allie and Duke, loving each other with a quieter passion than the younger versions of themselves, played in flashback by Rachel McAdams and Ryan Gosling.



Michael Douglas and Diane Keaton
'And So It Goes' (2014)

This past summer's release pairs Mr. Douglas, 68, in roles that may seem familiar. He's a cynical real-estate agent who hasn't loved since his wife died. She's also a lone singer. Director Rob Reiner, coming off a career from his romantic comedy "When Harry Met Sally" and his oldie-wish-fulfillment comedy "The Bucket List" to explore whether the aging neighbors could have one more great romance.



BOOKS: 'THE FINAL SILENCE' AND 'BELFAST NOIR'

Belfast: New Hotbed of Crime Fiction

BY STEVE DOUGHTERY

A CLIMACTIC SCENE of Steve Neville's new crime thriller, "The Final Silence," takes place at the Victoria Square shopping mall in Belfast, Northern Ireland.

With its four-story atrium, cinema, food court and crowds of shoppers, it looks like any mall the world over. But for Detective Inspector Serena Flanagan, a policewoman who grew up during the Troubles, 30 years that engulfed the country in sectarian violence, the mall evokes painful memories.

"A place like Victoria Square couldn't have existed 20 years ago," says Mr. Neville, whose novel (Oct. 28) is published by Soho Press in the U.S. He puts Flanagan and her colleague Jack Lennon in a position of a killer who may be a former paramilitary terrorist; his latest attack has been an innocent Protestant politician. "Even 20 years ago, this place would have been irresistible for the paramilitaries; they would have burned it to the ground."

With its violent history and awful weapons, "We're kind of used to this big grumpy Ireland that's out there," says Mr. Neville. "Belfast may not make many '10 Best Places to Live' lists."

But it is an ideal setting for crime fiction, notes thriller writer Lee Child, whose father grew up in Belfast and who knows the city well.

"People write about LA in the 1930s and call 'heir' but Belfast would do just as well," says Mr. Child. His short story, "Wet with Rain," is included in an anthology, "Belfast Noir" (Nov. 4, Akashic Books), edited by Mr. Neville and countryman Adrian McKinty.

Mr. Child chose the title from Van Morrison lyrics, he says. "That sums up Belfast—these gray granite buildings constantly wet with this kind of drizzle. Plus its history—it's perfect noir."



Stuart Neville in the Crumlin Road Gaol (1846-1996), a Belfast prison that is now a tourist attraction.

"We've become

perpetually proud of

the Troubles here," he says.

Mr. Neville is among a new generation of crime writers from Northern Ireland that includes Cain Breslin, Brian McGilloway as well as Mr. McKinty.

"For a long time Scandinavian fiction was a go-to genre," says Mr. Child. "I was always wondering which region is going to come through next. Stuart was the first one that I picked up on. His first book [2008's "The Growth of Belfast"] was terrific, very well written. I thought, 'I think now, great, here we go. Northern Irish crime is beginning.'

The flourishing follows the so-called Good Friday Agreement in 1998 that brought an end to the Troubles and set up a shaky but enduring power-sharing government. "I don't think you can write

fiction while [violent conflict] is actually happening all around you," Mr. Child adds. "You can't do that."

While frequent bloodshed and terror strikes are a thing of the past, hatreds remain, says Mr. Neville. "We still have rival factions in the streets each summer throwing bricks at each other. Violence is not something you can turn off like a faucet."

And now, there's a slightly macabre twist, he says. "We've become periodically fond of the Troubles. Troubles Tourism" has become a kind of cottage industry."

Belfast's Black Taxi Tour drivers, taking their name from the black cars used by paramilitaries in the bad old days, take visitors through war-torn neighborhoods where factual murals and slogans ("Re-

member Your Dead") are freshly painted. "Cabbies will show you the murals and tell what bomb went off on this corner and what bomb went off on that corner."

Belfast's vivid recent history gives Mr. Neville and other authors a lot to draw on. But he also says that this new generation of genre writers feels free of Ireland's long and august literary tradition. "It doesn't have to be the big serious, defining Irish novel anymore," he says. "Now it can be a thriller."

Mr. Neville, 42 years old, grew up in a working-class Protestant home in Armagh, near Belfast. He says he seldom experienced the Troubles firsthand while growing up, but he does recall once hiding under a bed when bombs were going off.

Photo: GENE BYRNE/WIREIMAGE.COM

As a teenager, he devoured books by Stephen King and played guitar in a rock 'n' roll band. When he and his Protestant schoolmates needed a drummer, they ventured to a Catholic school and found one. "All of a sudden we had to cross that divide. If you wanted to play football, you could only do it within your own sectarians."

Influenced by James Elroy's crime novels, he wrote stories and two failed novels before his first book sold. "The Ghosts of Belfast" (published in the U.K. as "The Twelve") is about a former IRA hit man named Gerry Fegan, who is haunted by the memory of his own victims. The book earned Mr. Neville critical acclaim and best-future awards.

He followed it with two police procedurals ("Collusion" in 2010 and "Stolen Souls" in 2011), both featuring Detective Inspector Jack Lennon (also the main character in the new book).

"I'm not a writer like Mr. Neville," says Mr. Neville. "They adore Gerry Fegan as a character, even though he's a mass murderer who has killed women and children. But I'm Lennon, a detective, a phony—a phony who later has a wife that's a virgin that he will forgive and work for."

With a new procedural finished—and "Silence" detective Serena Flanagan in the central role—Mr. Neville now plans to write a sequel to 2013's "Rattlines," a history-based novel set in Dublin about ex-Northern Irelanders who were given sanctuary in Ireland following the Troubles.

Mr. Neville, 42 years old, grew up in a working-class Protestant home in Armagh, near Belfast. He says he seldom experienced the Troubles firsthand while growing up, but he does recall once hiding under a bed when bombs were going off.

► Read an excerpt from "The Final Silence" at WSJ.com/Speakeasy.

MUSIC & BOOKS

To 'Dirty Up' a Hit, Try a Razor

BY MARC MYERS

BEFORE GARAGE ROCK and heavy metal, there were the Kinks. In 1964, the London band's use of power chords and raw distortion on "You Really Got Me" influenced the Rolling Stones ("Satisfaction"), the Beatles ("I Want for Yourself"), the Yardbirds ("Heart Full of Soul") and other groups in 1965 and beyond.

When "You Really Got Me" was released in August '64, the single went to No. 1 in Britain and No. 7 in the U.S., and was inducted into the Grammy Hall of Fame in 2004.

Fifty years later—with the release of "The Essential Kinks" (Sony)—Ray Davies, 70, the song's composer and band's lead singer; his brother and lead guitarist, Dave Davies, 67, (whose CD "Rippin' Up Time" is due out on Tuesday); and the single's producer Shel Talmy, 77, talked about the hit's inspiration and development. Edited from interviews:

RAY DAVIES: Just after I formed the Ravens in 1963 with my brother Dave and bassist Pete Quaife, we began wearing colorful outfitts bought in boutiques on London's Carnaby Street. We were at a pub one night, and a regular, Larry Page, I guess we needed an older name than the Ravens. A drunk who had been watching us said we looked like kinks to him—short for kinky or weird. Larry picked up on that and said, "The Kinks! That's perfect!"

Before the Ravens, while I was still at college, I played in the Dave Hunt Blues Band, a pretty bluesy rock-and-roll group. Around this time I wrote "You Really Got Me" on my guitar at my sister's house in North London. My influences were country and blues—something that [blues guitarist] Big Bill Broonzy would play.

The inspiration for the lyrics and title came to me one night while I was playing at The Scene Club in Soho. During our set, I looked out in the darkness about 10 feet from the stage and saw what appeared to be a 17-year-old girl moving better than anyone else on the dance floor. She had ash-colored hair set in a beehive style popular then. When we finished, I went off to find her, but she was gone and had returned to the club. She really got me going.

When I played the song first for Pete, our bassist, he said he didn't care for it. It didn't sound commercial enough for him—not pop enough. He thought it was almost too basic to be a teen song. Then I played it for the rest of the band, and they all thought it sounded like my family's house in London. Everyone liked it. I wanted it to sound coarse, the way we came across through club speakers that couldn't handle the volume. Then I set the song aside.

In 1964, after we changed our name to the Kinks, we were under a lot of pressure to come up with a hit for our label, Pye Records. Our first two songs, "I'm Telling You" and "I'm a Man"—hadn't charted. So I pulled out "You Really Got Me" and went to work on it. I played the riff on the piano at my parents' house. Dave learned the song and played the chords on his guitar. I wanted the song to sound like a Gregorian chant—with its repetitive theme—over a blues. I also wanted to dirty up the guitar sound.

I asked a friend, Richard Ford, to add reverb and echo effects, the way Ray Charles's electric piano sounded on "What'd I Say" coming through the bad speaker of my parents' record player. To try to emulate that sound, I punched a few holes in Pete's preamp speaker with my mother's knitting needle.

TEMPEST TOSSED: RICHARD FORD



THE KINKS: The London band in 1965, clockwise from top left: Ray Davies, Mick Avory, Dave Davies and Pete Quaife

ANATOMY OF A SONG



YOU REALLY GOT ME

DAVE DAVIES: I always liked how our band sounded at clubs—coarse and sort of stripped down. Months earlier I had parked my shop a few doors down from my parents' house on Denmark Street. I heard a band called the Venturers play at the window. I bought a ticket. I had no idea whether I would like it or not. I was a bit nervous when I plugged in the guitar, I was blown away by the raucous sound that came out. It was gritty. Up until then, rock guitars in London had sounded very clean and polished, except for blues players. But the blues sound wasn't what I had in my head then. It was just right.

RAY DAVIES: Our first recording of "You Really Got Me" was a demo we made at Regent Sounds on London's Denmark Street. Shel Talmy, an American independent record producer who was working in London at the time, liked what he heard.

SHEL TALMY: When I arrived in London in 1962, I expected to stay only a few weeks. But after I met with A&R chief Dick Rowe at Decca, he hired me to bring in new artists and record them. A year later, I was visiting some friends at a music publisher on Denmark Street when Robert Wace, the manager of some band called the Kinks, came into reception and asked if anyone wanted to hear a demo recording. After we listened to it in a friend's office, I thought the demo had a number of potential hits. By then, I was tickled at Decca for turning down two bands I had brought in to be signed—Manfred Mann and George Fame. So after I met the Kinks, we went into Pye in '64

to record their first two singles. When those didn't chart, we recorded "You Really Got Me." Pye executives loved the playback but two days later, Ray said he didn't like it and wanted to record the song.

RAY DAVIES: It was too slow and the engineers had cleaned up our distortion, adding echo and making it sound perfect, which was exactly what I didn't want to happen. I wanted the single to sound live and raw, the way we sounded live at clubs. After some back and forth, the label didn't let us re-record, provided we paid for it. So I brought in my band managers, Grenville Collins and Robert Wace. A few weeks later, we rerecorded "You Really Got Me" at London's IBC Studios. I thought about adding a specific girl's name to the lyric but decided against it. I had sung, "Girl, you really got me goin'" at most of our gigs and stuck with that.

DAVE DAVIES: I was quite an angry kid. I got my aggression out through my music. For the opening chords at IBC, I used bar chords—holding down three strings and strumming hard and then shifting my fingers to a different place on the neck. I picked that up from listening to the Ventures' "Walk—Don't Run." Their riff was great. Dick [Rowe] didn't play our mixes, which was standard then; I used 12 to isolate all of the various percussive sounds. I used three mics for Dave—one in front of his amp, another on a boom at a distance and one pointed at his guitar strings. Each mic picked

up different parts of what he was playing, and I combined them later to get the sound you hear on the single. The mic on Dave's strings picked up the tiny sound that, when mixed with the other two, gave his guitar a nice top. The Kinks didn't have a drummer yet, so I had Bobby Graham, the English session drummer at the time for rock. I played the tambourine.

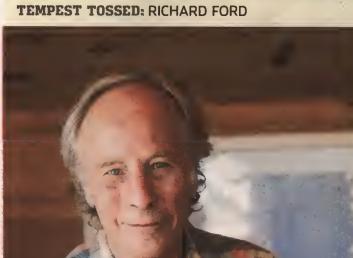
I also overdriven background vocals to enhance Dave's riff. Dave, Pete, Ray and Rasa, Ray's wife at the time—sang the background track at one mix. Then I had everyone switch positions and I double-tracked the vox so there would be more dimension.

RAY DAVIES: To me, the sheer power of Dave's hands combined with the anger and aggression with which he played the riff of my song counted more than any distorting speaker.

After we recorded at IBC, we went on British television's "Top of the Pops" on July 4, just before the single's release. Once again, we and our band's metallic sound, the excitement built and the single took off after its release the following week. Part of what the audience was responding to was the song's key shift from G to A. The more natural and melodic place for the song to go was from G to C or G to D. I wanted it to go to A, because we were in the middle then. There was something about that fall step up that feels like acceleration and raises the excitement level. The progression actually made me shudder when I originally came up with it.

It's funny, the song began as a way for me to reach out to that girl at The Scene, to let her know how I felt. I never found her or met her later, but I sort of like to imagine that she knows "You Really Got Me" was written for her and that she's out there still, an age-old diamond.

► Listen to the song, plus other tracks with distorted guitar at WSJ.com/Art.



Frank Bascombe Hits Life's 'Default Period'

BY ANNA RUSSELL

RICHARD FORD keeps a small notebook on hand to record lines and phrases he wants to remember. Alongside many of them, he writes: "FB."

"FB" stands for Frank Bascombe, the wryly observant narrator of three of his novels. Frank first appeared in 1986, as a

man in "The Lay of the Land." Frank's real-life work brought him into New Jersey homes. In the new stories, he walks through the same areas, surveying the houses and structures. The fictional town of Sea Girt "was to the world a dead look of having taken a near-fatal punch to the nose," the author writes. Frank's home, sold long before the storm, has been "washed backwards off its founda-

tion" and is now a "small assisted-living community where she has been watching TV reports about 'these poor hurricane people.' In another, he encounters a previous resident of his home, temporarily displaced by the storm, who says, "I'm still here."

I was trying to understand how these spectral events were visited on the lives of individuals," Mr. Ford said. He wanted to explore "the consequences of



YOU REALLY GOT ME

RAY DAVIES: Just after I formed the Ravens in 1963 with my brother Dave and bassist Pete Quaife, we began wearing colorful outfitts bought in boutiques on London's Carnaby Street. Months later at a pub with our manager, Larry Page, I insisted we needed an edgier name. "The Kinks" was chosen. "I had been watching us sell out like kinks to him—short for kinky or weird. Larry picked up on that and said, 'The Kinks! That's perfect!'

Before the Ravens, while I was still at college, I played in the Dave Hunt Blues Band, a gritty R&B-jazz crossover group. Around that time, I wrote "You Really Got Me" on my guitar in my sister's house in North London. My influences were country and blues—something that [blues guitarist] Big Bill Broonzy would play.

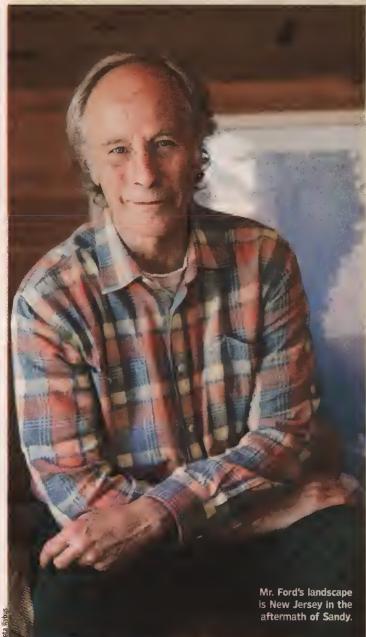
The inspiration for the lyrics and title came to me one night while playing with Dave Hunt at The Somers Club, a pub in Notting Hill. I booked a gig in the darkness above the pub on the stage and saw what appeared to be a 17-year-old girl moving better than anyone else on the dance floor. She had ash-colored hair set in a beehive style popular then. When we finished, I went off to find her, but she was gone and never returned to the club. She really got me going.

When I played the song first for Pete, our bassist, he said he didn't care if it. It didn't sound commercial enough for him—not pop enough. He thought it was almost too basic to be a teen song. Then I played it for the rest of the band in the front room of my family's house in London. Everyone liked it. I wanted to see if it would play well across through club speakers that couldn't handle the volume. Then I set the song aside.

In 1964, after we changed the name to the Kinks, we were under a lot of pressure to come up with a hit for our label, Pye Records. Our first two singles—"Long Tall Sally" and "You Still Want Me" didn't cut it. So I pulled out "You Really Got Me" and wrote a new verse. I played the riff on the piano at my parents' house. Dave learned the song and played the chords on his guitar. I wanted the song to sound like a Gregorian chant—with its repetitive theme—over a blues. I also wanted to dirty up the guitar sound.

I also wanted a distorted bass sound with echo effect, the way Ray Charles's electric piano sounded. So I'd say "Come on through" the lead speaker of my parents' record player. To try to emulate that sound, I punched a few holes in Pete's preamp speaker with my mother's knitting needle.

TEMPEST TOSSED: RICHARD FORD



Mr. Ford's landscape is New Jersey in the aftermath of Sandy.



Michael Ochs Archives/Getty Images

DAVE DAVIES: I always liked how our band sounded at clubs—coarse and sort of stripped down. Months earlier I had passed a radio shop a few doors up from my parents' house on Denmark Terrace. In the window, I saw a radio with a speaker that was built for the quiet. I bought it, but when I got home, I was alone and had a moment of teenage inspiration or rage. I had just learned to shave, so I took one of my razorblades and slashed up the amp's speaker cone. I had no idea whether what I had done would work, but when I played it, I heard a "You Really Got Me" Up until then, rock guitars in London had sounded very clean and polished, except for blues players. But the blues sound wasn't what I had in my head then. It was just rage.

RAY DAVIES: Our first recording of "You Really Got Me" was a demo we made in a record studio on London's Denmark Street. Shel Talmy, an American independent record producer who was working in London at the time, liked what he heard.

SHEL TALMY: When I arrived in London in 1963, I expected to stay only a few weeks. But after I met the Kinks, I asked them if I could hire me to bring in new artists and record them. A year later, I was visiting some friends at a music publisher on Denmark Street when Robert Wace, the manager of some band called the Kinks, came into reception and asked if anyone wanted to hear a demo. I volunteered. After I listened in my friend's office, I thought the demo had some promise. I recorded two songs I had brought in to him—signed—Manfred Mann and George Fame. So after I met the Kinks, we went into Pye in '64

to record their first two singles. When those didn't chart, we recorded "You Really Got Me." Pye executives loved the playback but two days later, Ray said he didn't like it and wanted to rerecord the song.

RAY DAVIES: It was too slow, and the engineers had cleaned up our distortion, adding echo and making it sound perfect; which was exactly what I didn't want to happen. I wanted the single to sound live and raw, the way we sounded live at clubs. After some back and forth, the label agreed to let us rerecord provided we paid for it. So we recorded it at IBC from one take, George Martin and Brian Wilson. A few weeks later, we recorded "You Really Got Me" at London's IBC Studios. I thought about adding a specific girl's name to the lyric but decided against it. I had sung, "Girl, you really got me going" at most of our gigs and stuck with that.

DAVE DAVIES: I was quite an angry kid. I got my aggression out through my music. For the opening chords at IBC, I used bar chords—holding down three strings and strumming hard and them shifting my fingers to a different place on the neck. I picked that up from listening to the Ventures' "Walk—Don't Run." Their rhythm guitarist, Don Wilson, wasn't playing the first chord but was just hitting the bottom three notes. I thought that was great—I could do that and not worry about fifths and sixths and things I didn't know yet.

MR. TALMY: At IBC, I placed Ray in an isolation booth so the instruments wouldn't bleed into his vocal. For the drums, instead of using four mics, I used one standard tom. I wanted to isolate all of the various percussive sounds. I used three mics for Dave—one in front of his amp, another on a boom at a distance and one pointed at his guitar strings. Each mic picked

up different parts of what he was playing, and I combined them later to get the sound you hear on the single. The mic on Dave's strings picked up the tiny sound that, when mixed with the other two, gave his guitar a nice top. The Kinks didn't have a drummer yet, so I hired Bobby Gruen to play. I think he was perfect at the time for rock. I played the tambourine.

I also overdriven the background vocals to enhance Dave's riff. Dave, Pete, Ray and Rasa—Rasa's wife at the time—sang the background track at one mic. Then I had everyone switch positions and I double-tracked the vocals so there would be more dimension.

RAY DAVIES: To me, the sheer power of Dave's hands combined with the anger and aggression with which he played the riff of my song counted more than any distortion speaker.

After we recorded at IBC, we went on Britain's "Ready, Steady Go" TV show in July '64, where the single was released. The teenyboppers saw us and heard our music sound so different built and the single took off after its release the following week. Part of what the audience was responding to was the song's key shift from G to A. The more natural and melodic place for the song to go was from G to C or D. But I wanted it to go to A, which was quite revolutionary then. There's something about the shift that upped that feel of acceleration and raises the excitement level. The progression actually made me shudder when I originally came up with it.

It's funny, the song began as a way for me to reach out to that girl at The Scene, to let her know how I felt. I never found her or met her later, but I sort of like to imagine that she knows "You Really Got Me" was written for her and that she's out there still, an age-old diamond.

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Frank Bascombe Hits Life's 'Default Period'

BY ANNA RUSSELL

RICHARD FORD keeps a small notebook on his desk. It holds words and phrases he wants to remember. Alongside many of them, he writes "FB."

"FB" stands for Frank Bascombe, the wryly observant narrator of three of his novels. Frank first appeared in 1986, as a failed novelist in *"The Sportswriter,"* and returned a decade later as a real-estate agent in *"The卧底,"* and again in 2006 as the Pulitzer Prize–winning *"Dance Teacher."*

"The Lay of the Land" was published in 2006, he was sure it was Frank's swan song.

"There were a couple of years when I didn't write Frank Bascombe stories," the 70-year-old author says. "I just stopped popping up. I just wrote them in my notebook—FB, FB—without ever thinking that F or B would come into existence again."

Mr. Ford also has published the short-story collections

"Richard Ford's Attitude of Sins," a novel, "Gardens." But he is best known for the Frank Bascombe books.

Now, 28 years after Frank's debut, Mr. Ford has brought him back: *"Let Me Be Frank With You,"* out Tuesday from Ecco, is a collection of four stories set in New Jersey in 2012, after superstorm Sandy. The tales are narrated by Frank, now a 65-year-old retiree in the midst of what he calls "the Default Period of life." It is a return to familiar terrain for Mr. Ford, who lived in Princeton, N.J., for part of the '70s and '80s.

In "The Lay of the Land," Frank's real-estate work brought him into New Jersey homes. In the new stories, he walks through the same areas, surveying the hurricane's destruction. The fictional town of Seaside, "one of the last places to look like it had taken a near-fatal punch in the nose," the author writes. Frank's work has been "washed backwards off its foundation, booster topsy-turvy across the asphalt."

Mr. Ford, who lives in East Boothbay, Maine, said completing "The Lay of the Land" which runs nearly 500 pages, wore him out. "It was kind of like 'The Sorcerer's Apprentice,'" he said. "Suddenly, my book was multiplying mops handles." Fatigued and ill, he was ready to call it a day. Frank recovers after three months. "I thought the Bascombe period of my life had come to an end."

But Sandy recast the landscape. Mr. Ford had volunteered in New Orleans after Hurricane Katrina, where his wife, Kristina, was director of a planning group from 2002 to 2010. Two years ago, the couple observed "utter despair and destruction" from Sandy while driving through New Jersey towns such as Seaside Heights and Toms River, Mr. Ford said. Shortly after, sentences began occurring to him: "I thought, 'Oh Christ, these are Frank Bascombe stories.'

The stories of "Let Me Be Frank With You" focus on Frank's social interactions in the weeks after the storm. In one, he pays a tense visit to his former wife in an up-

scale assisted-living community where she has been watching TV reports about "these poor hurricane people." In another, he encounters a previous resident of his home, temporarily displaced by the storm, who has returned.

"I was trying to understand how these spectacular events were visited on the lives of individuals," Mr. Ford said. He wanted to explore "the consequences of the storm that you wouldn't notice—that you wouldn't see in the newspapers, you wouldn't see on TV."

After "The Lay of the Land," Frank Bascombe's audience will often sharply funny voice for decades, Mr. Ford says, he began to write longer, more complex sentences. But in the new stories, he simplified his prose to stay in tune with Frank's outlook while aging. "Frank's life is all about throwing things out of his life. Language, friends—all kinds of things. I was trying to sort of streamline his life," Mr. Ford said.

Frank Bascombe in the latest volume "is an old friend," says Ecco's Daniel Halperin, the book's editor. "It's a Frank you recognize, but he's got some age on him and he's got some irritation on him."

Mr. Ford says that he, too, is interested in streamlining. He has written a novella set in Maine, and wrote a memoir about his father. "My goals are fairly near-end goals," he said. "They aren't grandiose, architectural, soaring novels."

But he's not willing to call "Let Me Be Frank With You" the last Bascombe book. "I guess you can't say that again," he said. "You can only say that once, and I said it, and it wasn't true."

► Read an excerpt from "Let Me Be Frank With You" at WSJ.com/Speakeasy

ART

Finding Beauty in the Catacombs

BY CHRISTINA BINKLEY

MATTHEW ROLSTON, the celebrated commercial photographer and director, is known for his glam shots of timeless icons such as Madonnas, Angelina Jolie and Michael Jackson.

In his latest project, he's asking viewers to look at the flip side of beauty, or, as he puts it, "the tragedy of human frailty."

For example, last fall, he photographed inside the catacombs of a Cappuccine monastery at the Santa Maria della Pace church in Palermo. There, he photographed the mummified bodies of some of Sicily's notable citizens of the past four centuries—many of them wearing what remains of their original clothing.

With hair swept up by once-crip bows, their gowns faded and suits frayed, the mummies are meticulously recorded by Mr. Rolston's Hasselblad H4X lens. The photographer hopes the collection will take his work in a new direction away from what he calls "the commercial."

"You don't even let our icons age," the 59-year-old photographer said one day, reflecting on years spent camouflaging the lines on iconic faces with lights, makeup and filters. "I'm in search of the meaninglessness of life. I'm getting to the age where you come to realize these things."

It's called his "Vanitas project." "Vanitas: The Palermo Portraits," Vanitas means vanity, a sin, he says, "and also nothingness."

Some 8,000 mummies line the walls and shelves of the catacombs, most of them monks or wealthy citizens whose families paid to preserve and inter them over the past five centuries. Open to the public by day, they are closely guarded by the church and anthropologists, who oversee Mr. Rolston's work. He did not touch or move them during the photo session.

"The first time I went to the catacombs, I cried," Mr. Rolston says of his first trip to Palermo two years ago, after reading about the mummies. He seemed to have anticipated if people might consider the work offensive. "I'm drawn to them because they fascinate me, in the same way, in the past, I was drawn to the most beautiful women in the world," he says. "I see them as drop-dead fabulous, right up there with Angelina Jolie."

After decades of shooting for Interview, Rolling Stone and Harper's Bazaar, among other publications, who pay him upward of \$75,000 a day, Mr. Rolston could be rolling about the pool at the modernist Beverly Hills home he shares with his partner of a quarter-century, the interior designer Ted Russell. Instead, he's been knocking on doors with his new portfolio.



MATTHEW ROLSTON. PHOTOGRAPH BY MR. ROLSTON. REPRODUCED WITH PERMISSION FROM THE WALL STREET JOURNAL. © 2014 WSJ. ALL RIGHTS RESERVED.



VANITAS Photographer Matthew Rolston, below right, shot mummies in the Palermo catacombs, above, and in an earlier project, ventriloquist dummies.

Fort Mitchell, Ky. Every crack, splinter and patch on his crumbling subjects was visible on his high-resolution prints, for which he employed the same portraiture techniques he has used with models Kristen and Jennifer Lopez. With their startling human eyes, the dummies are riveting, and extremely weird.

He treats these photo sessions as he would a commercial job. "There's \$100,000 to be made in there like a casting," he says of the ventriloquist dummies, calling the sessions "instinctive." It's totally between the sitter and the photographer, he says. "They are the sitter."

He chose to complete nine nights of shooting in Palermo. They were all-night shoots, because the catacombs are open by day, and involved a team of seven assistants and a videographer, using rented equipment they hauled from Milan

and Genoa by truck and boat. They shot with strobes, and added blue lights to bring definition to the photographs. Lighting took about an hour to set up for each corpse.

Diane Rosenstein, whose gallery goes by the name "Walking Heads" last June, says Mr. Rolston's ability to light, composition and color creates an emotional connection to his subjects—alive or inanimate. "For me, this is the mature work of a mature artist," she says, noting its connection to death masks and other elements of art history.

It also grips distractible clients. "When they see this work," she says, "people immediately put down their phones."

Mr. Rolston is treading in territory that animators try to avoid, called the "uncanny valley." It takes place when a robot looks...but not quite...human, causing revulsion in viewers. It's why a zombie may be creepier than a corpse, for instance, and why lifelike wax figures at Madame Tussaud can be unpleasant.

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the work can be mixed. Some people have been repulsed by the eerily human ventriloquist dummies. And the mummies, not yet published, were once alive.

"So here's the deal," Mr. Russell recently announced to friends. "If you've been dead for 250 years and you want a good photograph, call Matthew."

► See more of Mr. Rolston's photos at WSJ.com/Art.

FALL ART SALES: GIACOMETTI, WARHOL AND MORE

Auctions' Blue-Chip Glut

BY KELLY CROW

"106" is a black-and-white painting from 1961 by Roy Lichtenstein, but good luck trying to find a frame. Christie's International will ask at least \$20,000 for the work at New York's major fall auctions that start Tuesday.

Over the next two weeks, at least \$1.6 billion of Impressionist, modern and contemporary art will enter the art mar-

ketplace—a low estimate that ranks among the highest presale benchmarks for Christie's and Sotheby's. At least 38 works carry \$10 million-plus asking prices, including an Alberto Giacometti sculpture of a woman riding a bicycle that Sotheby's is selling for \$10 million or more.

The blue-chip glut indicates that sellers are feeling confident about art values following ebullient sales this spring and solid results over the summer. Sellers this round include top collectors like home-improvement

store magnate Frank Cohen and the foundation for manufacturing billionaire Mitchell Rales. They tend to sell artworks only when the market seems like a safe bet.

In these auctions, market-watchers will look for clues about an overall pricing trajectory that also will gauge the popularity and price levels for works by three-dimensional artists. Dealers say Cubist works could fare well, given the buzz lately over cosmetics billionaire Leonard Lauder's recent gift and current exhibit of 81 Cubist works at New York's Metropolitan Museum of Art. Andy Warhol's "Double Self-Portrait" (1966) is the two-highest will offer 19 examples by the Pop master valued at an estimated \$265 million combined in their evening sales alone.

Here's a closer look at four artists whose markets are about to undergo a major test.

ALBERTO GIACOMETTI



ALBERTO GIACOMETTI. PHOTOGRAPH BY CHRISTIANE DESSAULT. COURTESY OF CHRISTIE'S INTERNATIONAL. © 2014 WSJ. ALL RIGHTS RESERVED.

bows, their gowns faded and suits frayed, the mummies are meticulously recorded by Mr. Rolston's Hasselblad H4X lens. The photographer hopes the collection will take his work in a new direction away from what he calls "the glamour factor."

"We don't even let our icons age," the 59-year-old photographer said one day, reflecting on years spent camouflaging the lines on iconic faces with lights, makeup and filters. "I'm in search of the meaninglessness of life. I'm getting to the age where you can't help but do that."

He calls his mummies project "Vanitas: The Palermo Portraits." Vanitas means vanity, a sin; he says, "and also nothingness."

Some 8,000 mummies line the walls and shelves of the catacombs, most of them from wealthy citizens whose families paid to preserve and inter them over the past five centuries. Open to the public by day, they are closely guarded by the church and anthropologists, who oversaw Mr. Rolston's work. He did not touch or move them during the photo sessions.

"The first time I went to the catacombs, I cried," Mr. Rolston says of his first trip to Palermo two years ago, after reading about the mummies. He seems to have wondered if people might consider the work offensive. "I'm drawn to them because they fascinate me, in the same way, in the past, I was drawn to the most beautiful women in the world," he says. "I see them as jaw-dropping fabulous, right up there with Angelina Jolie."

After decades of shooting for Interview, Rolling Stone and Harper's Bazaar, and commercial clients who paid him upward of \$75,000 a day, Mr. Rolston could be jolting about the pool at the modernist Beverly Hills home he shares with his partner of a quarter-century, the interior designer Ted Russell. Instead, he's been knocking on doors with his new portfolio.

FALL ART SALES: GIACOMETTI, WARHOL AND MORE

Auctions' Blue-Chip Glut

BY KELLY CROW

"10" IS A BLACK-AND-WHITE painting from 1950 by Alberto Giacometti. An art collector trying to buy it for a dime, Christie's International will ask at least \$800,000 for the work at New York's major fall auctions that start Tuesday.

Over the next two weeks, at least \$1.6 billion of Impressionist, modern and contemporary art will enter the art mar-

ketplace—a low estimate that ranks among the highest pre-sale benchmarks for Christie's and Sotheby's. At least 38 works carry \$10 million or more asking prices, including Alberto Giacometti's sculpture of a woman riding a chair that Sotheby's is selling for \$100 million or more.

The blue-chip glut indicates that sellers are feeling confident about art values following ebullient sales this spring and solid results over the summer. Sellers this round include top collectors like home-improve-

ment magnate Frank Cohen and the foundation for manufacturing billionaire Mitchell Rales. They tend to sell artworks only when the market is at its peak. In these auctions, market-watchers will look for clues about an overall pricing trajectory but also will gauge the popularity and price levels for dozens of the world's top artists. Dealers say Cubist works could fare well, given the buzz lately over cosmetic billionaire Leonard Lauder's recent gift and donation of \$100 million to the New York Metropolitan Museum of Art. Andy Warhol also appears unstoppable: The two houses will offer 19 examples by the Pop master valued at an estimated \$265 million combined in their evening sales alone.

Here's a closer look at four artists whose market are about to undergo a major test.

ALBERTO GIACOMETTI

When this Swiss sculptor's "Walking Man" sold for \$103.9 million at Sotheby's four years ago, it transformed the market for sculptures that came in various versions. (Giacometti made six bronze casts of that ambling man, but the multiplicity didn't deter bidders.) On Tuesday, Sotheby's will ask \$200 million for Giacometti's "Chariot," nearly 5-foot-tall figure of a spindly woman standing astride a two-wheeled carriage. This version was cast in an edition of six, but only two are left in private hands. "It's also the only version he ever painted gold," said Sotheby's expert Simon Shaw.

EDOUARD MANET

Price levels for this 19th-century French master haven't been seriously tested since Sotheby's sold Manet's dour self-portrait for \$33.2 million four years ago. Collectors prefer a cheery-colored Manet, so they may chase hard for Manet's flowing portrait of a Parisian woman, "Spring," when it comes up for auction on Wednesday. Manet intended the 1881 work to be a series on the four seasons, but he died halfway through the project.

CHRISTOPHER WOOL

Last fall, Mr. Wool's stenciled wool painting "Apocalypse Now" sold at Christie's for



HIGH HOPES Edouard Manet's "Spring," above; at left, Alberto Giacometti's "Chariot."

KAZUO SHIRAGA

One clue that the market is riding high: Auction houses introduce lesser-known names into their evening-sale rosters. The Japanese artist Kazuo Shiraga's swirling red abstract by the Japanese art collector Shiro Shima earned a reputation in 1950s Europe for painting while being suspended in midair. He died in 2008, and now his works are suddenly gaining favor with American collectors like Dallas's Howard Rachofsky. On Nov. 12, Christie's will ask at least \$3 million for an example from 1961.



VANITAS Photographer Matthew Rolston, below right, shot mummies in the Palermo catacombs, above, and in an earlier project, ventriloquist dummies.

Porter Mitchell, Ky. Every crack, splinter and patch on his crumpling subjects was visible on his high-resolution prints, for which he employed the same photographic techniques he has used with Jamie Foxx and Jennifer Lopez. With their startlingly human eyes, the dummies are riveting, and extremely weird.

He treats these photo sessions as "a real job." There's 800 dummies, I went in there like a casting," he says of the ventriloquist dummies, calling the sessions "instinctive." "It's important between the sitter and the dummy, and the sitter and the dummy."

He chose last Oct. 31 to complete nine nights of shooting in Palermo. They were all-night shoots, because the catacombs are open by day, and involved a team of seven assistants and a videographer, using rented equipment they hauled from Milan

and Genoa by truck and boat. They shot with strobes, and added blue lights to bring definition to the photographs. Lighting took about an hour to set up for each corpse.

In a separate project, in Italy Diane Rosenstein Fine Art in Los Angeles says "Talking Heads" last June, says Mr. Rolston's approach to light, composition and color creates an emotional connection to his subjects—alive, dead or inanimate. "For me, this is the mature work of a master," she says, adding its connection to death masks and other elements of art history.

It also grips distracted clients. "When they see this work," she says, "people immediately put down their phones."

Mr. Rolston is treading in territory that animators try to avoid, called the "uncanny valley." It takes place when objects seem nearly—but not quite—human, causing revulsion in viewers. It's why a zombie may be creepier than a corpse, for instance, and why lifelike wax figures at Madame Tussaud can be unpleasant.

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"So here's the deal," Mr. Russell recently announced to friends. "If you've been dead for 250 years and you want a good photograph, call Matthew."

► See more of Mr. Rolston's photos at WSJ.com/Art.



MUSIC & TELEVISION



Former prodigy Ruth Slenczynska at home with her Steinway and Bösendorfer pianos. "By the time [a piece] sounds good on both, I'm ready," she says.

California, Berkeley, and ran away three months before graduation. She married and began teaching piano. After a divorce while still in her 20s, she resumed performing.

"I didn't earn any money," she says. "But that's not the point. You never have enough money, but you have 10 fingers. So you work."

Making New York City her base, she spent years touring with Arthur Fiedler and the Boston Pops, wrote a widely used book on piano technique, made dozens of recordings and taught worldwide. From 1964 to 1972, she was artist-in-residence at the University of Louisville. There, Ms. Slenczynska met her second husband, James Kerr, a political-science professor. They were married almost 34 years. Children "never happened," says Ms. Slenczynska. "I never stopped working."

For decades, she and her husband, who died in 2004, divided their time between Illinois and New York. Now, Manhattan is home. Ms. Slenczynska still performs, but she attends concerts often. "I walk around with 60-year-old friends and they tell me to slow down," she says before taking in a recent performance in a black leather jacket, a scarf and—a nod to her Paris childhood—a black beret. "I have one of those retiree tickets, so I get on the bus. I use the subway. I'm a New Yorker."

Ms. Slenczynska doesn't think the musician's life is for everybody. She worries about parents' pushing children into performing. "You have no conception of how hard it is to make a living as a musician." She recalls that in her 20s and 30s, she commanded far lower fees than men. Female pianists "got paid half as much as men," she says. "And we had to play twice as well. But she shrugs it off as part of a performer's lot. "It's not an easy life. But it didn't slow me down."

When pianists audition to study with her, she is quick to spot the gifted ones. "Within five minutes, I know how much talent a kid has," she says. "I can almost tell if they're talented with their hands." The most talented ones are very lazy...I don't think I'm all that talented."

She says she is too lazy now to practice nine hours a day—and jokes that her neighbors must be relieved that she plays less. "They know when I go on tour," she says. During superstar Sandy, she soothed fears in her building with an impromptu recital. When the power went out, Ms. Slenczynska ripped up a flashlight beside the Bösendorfer, propped her front door open and sat down at the keyboard.

"I started with the second movement of Beethoven's Pathétique because it's such a calm piece," she says. Outside her apartment on the 27th floor, the city was a blur of headlights. The power was out." Within minutes, neighbors bearing candles and flashlights crept in to her living room and sat down to listen. "The next day," she recalls, "there was less noise, and it got light."

From that same room, Ms. Slenczynska has a vista beyond the George Washington Bridge on clear days. "In a place like this, you can see far outside," she says. "You are not hemmed in by ideas. You are willing to try anything out."

► See Ms. Slenczynska at the keyboard at WSJ.com.

At 89, No Sign of Diminuendo

BY BRENDA CRONIN

IN HER APARTMENT near New York City's Lincoln Center, Ruth Slenczynska is preparing for her next piano concert. After 86 years on stage, she still gets butterflies, but she tames them by practicing.

Her concert will be in April in Paris, where Ms. Slenczynska first performed in 1932, playing a Mozart concerto in the Salle Pleyel—the city's equivalent of Carnegie Hall—when she was 7. Back then, Ms. Slenczynska, who made her New York debut a year later, was on her way to becoming one of the most celebrated pianists of her era.

Today the California-born and Paris-bred musician juggles concerts in Europe and Asia with master classes and private lessons at home in New York. Despite a classical repertoire, she still learns new pieces. "I like to reach out and do things that I don't know," she says. "How cool."

She gave her first professional recital at age 4, playing Bach, Haydn and Beethoven dressed in a party frock and white anklets. When she was 3, she began a daily regime of nine hours of practicing with brief spells of tutoring in reading, writing and geography.

cause her feet dangled from the bench, the Baldwin Piano Company made piano legs six inches shorter than normal, which traveled with the young performer and were attached to the concert grand she used so she could reach the piano as it was performed across Europe and learned from Rachmaninoff, Nadia Boulanger and Artur Schnabel.

When she plays in Paris, Ms. Slenczynska will be 90. She has planned a program of Chopin nocturnes, seldom-heard mazurkas and technically challenging ballades. Every day she spends hours at the Steinway and Bösendorfer 7-7/8-foot grand side by side in her one-bedroom apartment.

Slender and not quite 5 feet tall, Ms. Slenczynska laughs often, speaks deliberately and listens intently. Her famously flexible fingers have no arthritis, although she points out a slight tremble in her left hand.

Ms. Slenczynska's upbringing was a combination of dazzling fame and harrowing abuse. Her father, a violinist who emigrated from Poland, spotted his daughter's gift at 16 months and started to give her piano lessons. When she was 3, she began a daily regime of nine hours of practicing with brief spells of tutoring in reading, writing and geography.

"Her life is a true triumph, a personal and pianistic triumph," says piano teacher David Dubal. He recalls a recent performance in New York, where Ms. Slenczynska presented her signature piece on the Chopin études. "She played fabulously," Mr. Dubal says. "The childhood was so difficult; it's amazing she came back. And," he adds, "she's an excellent teacher."

In her memoir, "Forbidden Children," published in 1957, when she was 33, Ms. Slenczynska wrote of her father's abuse. "Every time I made a mistake, he leaned over me, very methodically, without a word, slapped me across the face. If the mistake was bad enough, I was almost hurled bodily from the piano." Today, she brushes past the subject, saying, "Let's not talk about him."

Like the Shrieking Temple of the classical-music world, Ms. Slenczynska became "a house hold word, especially in the 1920s and into the 1930s," Mr. Dubal says. "Every parent wanted to have a little prodigy like that."

Ms. Slenczynska's childhood touring ended when World War II broke out, concert bookings dried up and she rebelled against her father, who managed her career.

At 16, while living with her parents in Oakland, Calif., she enrolled in the University of

She Knew What She Wanted—And Didn't

Olive Kitteridge
Begins Sunday, Nov. 2, at 9 p.m. on HBO

BY DOROTHY RABINOWITZ

As the story of the Kitteridges begins, the thin character, Olive, trots ungracefully into the kitchen to prepare breakfast coffee while her husband, Henry, watches, happily anticipating the presentation of his gift—a heart-shaped box of candy addressed to "My Darling Wife." "Happy Valentine's Day," a smiling Henry says, holding it out to her.

"We...too, Henry," comes Olive's barely audible mutter as she ignores the gift in his outstretched hand and turns back, expressionless, to the coffee-making. Henry's radiant smile fades, a light snuffed out by a chill wind.

It's a scene that establishes, in the briefest of exchanges, all that's essential in the nature of these characters, their connection to one another and all that's amiss. "Olive Kitteridge" is the work of scalding brilliance that it is, so unmitakably, from the first. Again and again the kitchen encounter will play out—Frances McDormand's Olive, flinching and repelled, straining, rarely with success, to hide her irritation with the unshifting affection bestowed by her Henry (a man who is both kind and ferocious). He's a man not easily dented. Henry interrupts her labors in the beloved garden, full of luxuriantly blooming flowers, so he can give her a bouquet



mother and son refer to as The Mouse, which infuriates Henry. To watch Olive at the table is to remember the kind of look that Thelma Ritter raised to an art—see "All About Eve." Ms. McDormand has her own annihilating version down cold.

Olive isn't exactly jealous of the girl whose helplessness so enchants her husband—she's contemptuous of her for her lazy mind and empty prattle. A teacher at the local high school, Olive has a difficult assignment to ignore, and she's too lazy to care about reading or writing acceptably—and as she points out to him, her son could end up one of them.

The series is set in a Maine of spectacular colors and light (director of photography Frederick Elmes), though it is that crowded and smallish interior of the Kitteridge house, the kitchen that's the heart of the series.

That is, the house wants to keep entering.

Olive's vision, hard, dark and demanding, prevails to the end, as does that ear of hers that catches every false note, every piece of aggressive ignorance, of which she finds plenty in the culture around her. In the second half of the series, Olive visits her now-adult son (John Gallagher Jr.) in a new, more urban place (Brooklyn). There, she finds him in a society for removed from any she knew in Maine—Brooklyn, N.Y. But it isn't the place that affects her. It's her punishing confrontation with new times, with the assumptions and manners of a world in which people relate to one another in therapy-speak, where the past is stepped on, out of context. She reacts viscerally to the rampant flow of sensitivity washing over her son's household—a place where husband and



Detour: Hong Kong to Wall Street Journal

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Today the 89-year-old, Paris-based concert pianist continues to tour Europe and Asia with master classes and private lessons at home in New York. Despite a deep classical repertoire, she still learns new pieces. "I like to reach out and do things that I don't know," she says. "How can you grow if you don't?"

She gave her first professional recital at age 4, playing Bach, Haydn and Beethoven dressed in a party frock and white slacks. Five years later, she stood in for Sergei Rachmaninoff at Philharmonic Auditorium in Los Angeles. Be-

cause her feet dangled from the bench, the Baldwin Piano Company made piano legs six inches shorter than normal, which traveled with the young performer and were attached to the concert grands she used so she could reach the pedals. She performed across Europe and learned from Rachmaninoff, Nadia Boulanger and Artur Schnabel.

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Ms. Slenczynska doesn't think the musician's life is for everybody. She worries about parents' pushing children into performing. "You have no conception of how hard it is to make a living as a musician," she says. "I think it's a waste of time. Female pianists 'got paid half as much as the men and we had to play twice as well.' But she shrugs it off as part of a performer's lot. "It's not an easy life. But it didn't slow me down."

When pianists audition to study with her, she is quick to spot the gifted ones. "Within five minutes, I can tell if they're going to do it," she says. "It isn't always the most talented who succeed. The most talented ones are usually lazy. I don't think I'm all that talented."

She says she is too lazy now to practice nine hours a day—and jokes that her neighbors must be relieved that she plays less. "They know when I go to town," she says. During performances, she takes her lower fees—most female pianists "got paid half as much as the men and we had to play twice as well." But she shrugs it off as part of a performer's lot. "It's not an easy life. But it didn't slow me down."

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Begins Sunday, Nov. 2, at 9 p.m. on HBO

BY DOROTHY RABINOWITZ


As the story of the Kitteridges unfolds, the title character, Olive, drags purposefully into the kitchen to prepare breakfast coffee, to make Henry, Mr. Kitteridge, happy, watches, happily anticipating the presentation of his gift—a heart-shaped box of candy addressed to "My Darling Wife." "Happy Valentine's Day," a smiling Henry says, holding it out to her.

"You, too, Henry," comes Olive's barely audible mutter as she takes the gift in her outstretched hand and turns her head—unconsciously, to the coffee-making. Henry's radiant smile fades, a light snuffed out by a chill wind.

It's a scene that establishes, in the briefest of exchanges, all that's essential in the nature of these characters: their connection with one another, and all that makes "Olive Kitteridge" the work of scalping. And it's clear that it is, so far, a connection born of first. Again, it's in the kitchen encounter will play out—Frances McDormand's Olive, flinching and repelled, straining, rarely with success, to hide her irritation with the unstinting affection bestowed on her by Henry (a memorable Richard Jenkins). He's a man not easily daunted. Henry interrupts her mutterings, and she gives him a small bouquet of blooming flowers, so he can give her a bouquet he just bought, because he explains, he thought them unusual-looking—a gift on which she bestows a venomous look often seen on Olive's face. A look familiar, but ever potent, thanks to the fiery life Ms. McDormand brings to this character of few words—most of them judgments, and not the appealing kind.

In the scene that follows, Henry suddenly throws his arms around Olive, and tells her he loves her—an embrace she returns. But the telling camera shot records her quick impatience, the agitated flexing of her hand on her husband's back as she prepares to push away.

The truth about this couple is laid out forth: she is a woman like no other, repelled by the force of the unknown, abetted by wicked wit—irreducibly Olive's—and by the luminous warmth of Mr. Jenkins's Henry. That truth—that Olive can't tolerate Henry's deep love for her, or at any rate, its expression, may seem a strange problem. It is nevertheless one that carries a powerful and recognizable ring of reality. In this sharply observed television by Tracy Letts (based on a novel by Elizabeth Strout and directed by Frances McDormand)—and thanks to Frances McDormand's profound and complete ownership of her character—that reality is rendered searingly credible. As is Henry's bottomless love for Olive no matter what, and his unstoppable urge to lend a hand to those in need, to be indiscriminately kind and help fix people. This is one of the things about her husband



Frances McDormand

that most repels Olive, a position for which she makes a wonderfully seductive case. It's the power of her convictions that are the heart of this work.

Her case against Henry's latest rescue project hardens when Denise, a sweet if flighty young clerk Henry employed in his pharmacy,

mother and son refer to as The Moose, which infatuates Henry. To watch Olive at the table is to remember the kind of look that Thelma Ritter raised to rancor—an "All About Eve" Ms. McDormand has her own annihilating version down cold.

Olive isn't exactly jealous of the girl whose helplessness so captivates her husband—she's contemptuous of her for her lazy mind and empty heart. But at the same time, she loves her son, Olive has a deep and lasting aversion to ignorance, people too lazy to care about reading or writing acceptably—and as she points out to him, her son could end up one of them.

The series is set in a Maine of spectacular colors and light (director of photography Fredrick Elmes), though it is that crowded and sometimes noisy town that gives the place its feel, the kitchen that's background for those dinners, that is the place one wants to keep entering.

Olive's vision, hard, dark and demanding, prevails to the end, as does that of hers that catches every false note, every piece of aggressive ignorance, of which she finds plenty in the culture around her. In the second half of the series, Olive visits a nearby town (Jordan Gap, Maine) to a new daughter-in-law, Ann (Audrey Marie Anderson), which lands her in a society far removed from any she knew in Maine—Brooklyn, N.Y. But it isn't the place that affects her; it's her punishing confrontation with new times, with new assumptions and manners of a world in which people relate to one another in a new way, when children, her son's stepchild, are allowed to terrorize adults without consequence. She reacts viscerally to the rampant flow of sensitivity washing over her son's household—a place where husband and wife keep asking one another that intimately concerned question of our times "Are you all right?" They mean, of course, physically.

Still, she thinks that all the mercilessly penetrating vision Olive casts on them and numerous others, no one—not even her daughter-in-law, a bubbly cauldron of all the latest in progressive attitudes—is ever quite reduced to a caricature. In this ceaselessly affecting work, hardly two minutes pass without some jolt, some new revelation, some new truth—just as even the characters Olive despises, usually for good reason, get to say quite a lot for themselves. All of which adds up to drama—which includes a fine turn by Bill Murray—of a notably high order. It would have passed muster with Olive herself, if she were around to see it.

The Game

Begins Sunday, Nov. 2, at 10:00 p.m.

on BBC America

A word in brief for "The Game," BBC America's latest installment of its invariably fine Dramaville series, this one set in 1972 London at the height of the cold War. The war is a hot one here, as MI5 agents battle KGB agents in a range of missions without the usual jolt, some two minutes apart, as in "The Moose." Even the characters Olive despises, usually for good reason, get to say quite a lot for themselves. All of which adds up to drama—which includes a fine turn by Bill Murray—of a notably high order. It would have passed muster with Olive herself, if she were around to see it.

THEATER & BOOKS



BACKSTAGE PASS

Side Show, Main Event

In the 1920s, conjoined twins Daisy and Violet Hilton were rumored to be the highest-paid act in vaudeville. The sisters, who were joined at the spine, earned an estimated \$15,000 a week for singing, dancing and playing music in appearances alongside stars like Jack Benny and Bob Hope. The Broadway musical "Side Show," which is in previews at the St. James Theatre, recounts the twins' existence amid curiosities such as Lizard Man, the Dog Boy, the Human Pin Cushion and an elegant Geek. The musical follows the girls' lives from their birth in England in 1908, when they were taken to America by their mother, and their circumcision but no major organs, were taken in by Mary Hilton, who sensed their commercial potential. She displayed the twins at her pub and took them on a tour of the UK. After Ms. Hilton died, her son-in-law Myer Myers groomed them for vaudeville with music and dance lessons, says Dean Jensen, author of "The Lives and Loves of Daisy and Violet Hilton." Mr. Myers essentially held the girls captive and kept all their earnings, Mr. Jensen says. He took them to America in 1922, where they became famous. In 1934, the sisters sued Mr. Myers and won their independence and a large settlement. "They were very talented," says "Side Show" librettist Bill Russell. "Their act was great. People didn't come to see them just because they were weird."

Some attractions in the Broadway revival are based on real people such as Jo-Jo the Dog-Faced Boy, the living Venus de Milo, an armless woman named Frances O'Connor who ate with her feet, and Josephine Joseph, who dressed on one half as a woman and on the other as a man. Some attractions were created for the stage, such as the Geek and made a home and a living in sideshows. Others weren't, but found peace amid individuals who didn't fit into mainstream society. "A sideshow is a place where misfits could come to hide, or misfits could come to show themselves," says Kelvin Moon Loh, who plays the half man-half woman in the musical.

—Stefanie Cohen



From "Side Show," clockwise from top, the Hilton twins, Dog Boy, the elegant Geek, Half Man-Half Woman, Lizard Man and Three-Legged Man. See more portraits from the musical at WSJ.com/Art.

Photographs by Brian Toebel for The Wall Street Journal

Martin Writes an 'Ice and Fire' History

BY CHRISTOPHER JOHN FARLEY



George R.R. Martin has turned his epic冰and fire fantasy series into a major new project: a history of Westeros, the imaginary realm he

Your new book shows us countries in your fantasy

world influenced by Asia, the Middle East and North Africa. In general, though, fantasy literature isn't very diverse. Pretty much all the main characters in the TV version of "Game of Thrones" are white.

With a few exceptions, though, it's not because it's mostly been written by white men. I'm a



THEATER

Sunk by Predictability



JON MEEHAN

The Last Ship
Neil Simon Theatre, 250 W. 52nd St.
(\$55-\$147), 800-745-3000

BY TERRY TEACHOUT



New York

With "The Last Ship," Sting becomes the latest sexagenarian rock star to try his hand at writing a musical. The result is the last straw. Not that he didn't have helg fathoms from John Logan and Brian Yorke, who have weighed him down with a stinker of a book. Nevertheless, his own mis-

takes merit careful consideration, if only in the hope of preventing other novices from gadding down the same road to artistic ruin.

First, though, the book. As soon as the ship sets sail, we're treated to a 15-second intro to "The Last Ship," you know everything that will happen for the next two-and-a-half hours: (A) Obsolescent factory (in this case, a shipyard) goes belly-up, (B) Angry workers join hands to reopen it, thereby (C) regaining their manhood. It is, in other words, the Universal British Play, minus case meaning.

"Reopen" is the punch line of the last blow in. Not that he didn't

have helg fathoms from John Logan and Brian Yorke, who have weighed him down with a stinker of a book. Nevertheless, his own mis-

takes merit careful consideration, if only in the hope of preventing other novices from gadding down the same road to artistic ruin.

• "That boy needs a father. Someone who'll be there for him all the time."

• "You can't keep running away."

• "I did not miss you much. I did not suffer / What didn't kill me just made me tougher."

Hoops, sorry, Sting committed that last one, so let's move on to the songs. The amodyne pop-rock music of "The Last Ship," which began life as an album, is as slick, shiny, and forgettable as a Budweiser ad: better make that C-sides. As for the lyrics, they are predictably enough, dramatically inert: None of them tells you anything you don't already know about the characters or the plot, meaning that this "ship" loses its momentum, goes dead in the water

and starts to sink whenever anyone strikes up a tune. It's as if nobody had bothered to tell Sting he could sing songs prop the action of a Broadway musical.

David Zinn's gloomy shipyard set is pleasing to the eye, though Joe Mantello, the director, has slapped a slick coat of professionalism all over "The Last Ship." It's nothing more than a patina, though, and since the actors have nothing to work with, none of them is memorable save for Fred Applegate, who is nicely drizzled as a boozestep priest from (where else?) County Cork.

Mr. Teachout, the Journal's drama critic, is the author of "Duke: A Life of Duke Ellington," out in paperback next week from Gotham Books. Write to him at tteachout@wsj.com.

The Real Thing
Roundabout Theatre Company, American Airlines Theatre, 227 W. 42nd St.
(\$67-\$137), 212-719-1300, closes Jan. 4



New York

The Roundabout Theatre Company is giving "The Real Thing," Tom Stoppard's stringently truthful drama of marriage and its discontents, its Broadway come-up as many decades. That's not too often, but only if the rest of America is now catching up. Maggie Gyllenhaal is playing the same role in New York—it is, surprisingly, her Broadway debut—but she doesn't make anything like the same who-to-this-amazing-woman impression as did Mira Coon. Also in the cast are Ewan McGregor (another Broadway debut) and Simon Russell Beale, both of whom, like Ms. Gyllenhaal, give performances that are forced and over-emphatic. Moreover, the overall pacing of the show is sluggish: "The Real Thing" demands a light, deceptively casual-sounding touch, and doesn't get it.

It happens that the production is getting in the way of the actors? Mr. Gold is an intelligent, imaginative interventionist who at his freest best sets his characters free to do what they do on stage. Here, though, his "inventions," such as they are, have the meretricious smack of arbitrary cleverness, and one of them, the use of the same kind of unusually wide and shallow set that he fa-

vored in his Roundabout revivals of "Look Back in Anger" and "Picnic," doesn't work at all. Instead of the up-close intimacy that was the hallmark of Mr. Gold's earlier stage, we are given a flattened, video-game-like visual perspective on a play that is notable for the layered complexity of the relationships that portrays.

In addition to situating "The Real Thing" in an awkward-looking playing space, Mr. Gold kicks off both acts with musical preludes in which the cast gathers at center stage and the audience remains in the dark. The pop tunes are showy, for instance, with Smokey Robinson's "I'll Be in Trouble." These interpolations throttle down the pace still further: The use of a pause also mutates the effect of the precisely gauged theatrical gambit with which Mr. Stoppard opens "The Real Thing," the first scene of which is a metafictional play-within-the-play that foreshadows the rest of the show. In the second, the next scene, Mr. Gold has also made the further mistake of arbitrarily dropping "I'm a Believer," the up-tempo Monkees single that is supposed to be heard at the end of the play, replacing it with the Beach Boys' dippy "God Only Knows," which sentimentalizes Mr. Stoppard's under-stated final tableau.

Mr. Gold is a minor talent in the making, so I'm going to say that if you've never seen "The Real Thing," you'll come away from its revival feeling that Mr. Stoppard's most heartfelt and human play is a bit boring. Believe me, it's anything but that.

Could it be that the production is getting in the

THE JOURNAL CROSSWORD Edited by Mike Shenk



Halloween Treats From the Poet | by Gabriel Stone

Across

1 Deal with the Devil, 69
5 Tom who played Lure Duke
10 Film in which Matt Damon and Ben Affleck play fallen angels
15 Laboratory class, for show
19 Merville's second book
20 "The Audience of Hype" author
50 Candy bars for costume, 51 costume for a costume prize?
57 Fills the minivan
59 Fox's "X-Files"
60 Disposable plate brand
63 Incentively skilled angels
67 Sausage paste
68 Howlin' Wolf's specialty
69 Devil's eye
72 Doover gel
75 Gummy candies for

112 Wolf, say 113 Traffic-stopping one
114 Candy bar for one 115 Attar who played costumed as a Goliath? 116 Marmite and Berra
117 Candy bars for one 118 Charlotte cager 119 Character who
120 Trick knee 121 Marley 122 Like many a 123 Tuba beast?
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124 Make clear 125 Gummy candies for 126 Bodyguard
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The Last Ship

Neil Simon Theatre, 250 W. 52nd St. (\$55-\$147), 800-745-3000

BY TERRY TEACHOUT



New York

With "The Last Ship," Sting becomes the latest government rock star to try his hand at writing a Broadway musical—and the latest to blow it. Not that he didn't have help from John Logan and Brian Yorkey, who have weighed him down with a stinker of a book. Nevertheless, his own mis-

takes merit careful consideration, if only in the hope of preventing other novices from landing on the same sinking ship.

First, though, the book. As soon as the phrase "An industry dies" is uttered some 15 seconds into "The Last Ship," you know everything that will happen for the next two-and-a-half hours: (A) Obsolescent factory (in this case, a shipyard) goes belly-up, (B) Angry workers join forces to reopen it, thereby (C) regaining a manufacturing edge. In other words, the Universal Business Plot, in this case meaning "Kinky Boots" minus sequins.

When you start out with clichés, you usually end up with them, and Messrs. Logan (C) and Yorkey ("If/Then") let 'em fly throughout.

• "His life may be over, but mine's not."

• "Where's a man to find dignity without his work?"

• "That boy needs a father. Someone who'll take care of him all the time."

• "You can't keep running away."

• "I did not miss you much. I did not suffer / What didn't kill me just made me tougher."

Whoops, sorry, Sting committed that last one, so let's move on to the songs. The anodyne pop-rock music of "The Last Ship," which began life as album-length concept, is here reduced to an anthology of B-sides—no better make that C-sides. As for the lyrics, they are predictably enough, dramatically inert: None of them tells you anything you don't already know about the characters or the plot, meaning that this "ship" loses its momentum, goes dead in the water.

and starts to sink whenever anyone strikes up a tune. It's as if nobody had bothered to tell Sting how theatrical songs propel the action of a musical play.

David Ivey's gloomy shipyard set is pleasing to the eye, while Joe Mantello, the director, has slapped a slick coat of professionalism all over "The Last Ship." It's nothing more than a patina, though, and since the actors have nothing to work with, none of them is memorable save for Fred Applegate, who is nicely droll as a boozesteeped priest from (where else?) County Cork.

Mr. Teachout, the *Journal's* drama critic, is the author of "Duke: A Life of Duke Ellington," out in paperback next week from Gotham Books. Write to him at tteachout@wsj.com.

The Real Thing

Roundabout Theatre Company, American Airlines Theatre, 227 W. 42nd St. (\$67-\$137), 212-719-1300, closes Jan. 4



New York

The Roundabout Theatre Company is giving "The Real Thing," Tom Stoppard's strikingly truthful portrait of modern marriage and its discontents, its third Broadway outing in as many decades. That's not too often, but only if the revivals are out of the ordinary, and Sam Gold's lackluster staging fails to rise to the occasion.

Even though the play was done extraordinarily well at Chicago's Writers' Theatre in 2011, production directed by Michael Hallberstam and starring Cate Blanchett, with whom, thanks to "Gone Girl" and "The Leftovers," the rest of America is now catching up. Maggie Gyllenhaal is playing the same role in New York—it is, surprisingly, her Broadway debut—but she doesn't have anything like the commanding, commanding-woman impressiveness of Ms. Blanchett. Also in the cast are Ewan McGregor (another Broadway debutant) and Cynthia Nixon, both of whom, like Ms. Gyllenhaal, give performances that are forced and over-emphatic. Moreover, the overall pacing of the show is sluggish: "The Real Thing" demands a light, deceptively casual-sounding touch, and doesn't get it.

Could it be that the production is getting in the way of the actors? Mr. Gold is an intelligent, imaginative interventionist who at his frequent best sheds sharp raking light on the plays that he stages. Here, though, his "innovations," such as they are, have the meretricious smack of arbitrary cleverness, and one of them, the use of the same kind of unusually wide and shallow set that he fa-

vorited in his Roundabout revivals of "Look Back in Anger" and "Pravda" doesn't work as well instead of the up-close intimacy that was the hallmark of Mr. Hallberstam's staging: we are given a flattened-out, freeze-like visual perspective on a play that is notable for the layered complexity of the relationships that it portrays.

In addition to situating "The Real Thing" in an open-plan playing space, Mr. Gold kicks off both acts with musical numbers. The first time the cast gathers at center stage to sing halting renditions of '60s pop tunes (the show now opens, for instance, with Smokey Robinson's "I'll Be in Trouble"). These interpolations throttle down the pace still further. The use of a prelude also mutes the effect of the precisely gauged theatrical game by which Mr. Stoppard opens "The Real Thing": The first scene is a perfectly metatheatrical play-within-the-play that foreshadows what will happen to the characters in the next scene. Mr. Gold has also made the further mistake of arbitrarily dropping "I'm a Believer," the up-tempo Monkees single that is supposed to be the heart of the play, replacing it with the Beach Boys' drippy "God Only Knows," which sentimentalizes Mr. Stoppard's understated final tableau.

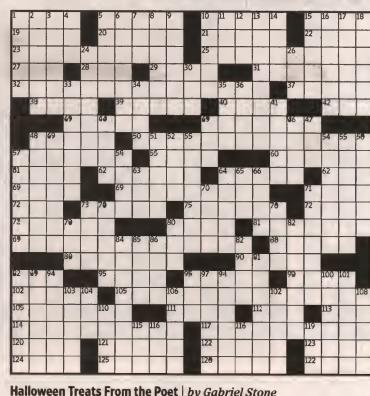
Mr. Gold is a major talent in the making, so I'm sorry to report that if you've never seen "The Real Thing," you'll come away from his revival feeling that Mr. Stoppard's most heartfelt and humane play is a bit boring. Believe me, it's anything but that.



From left, Ewan McGregor, Cynthia Nixon, Josh Hamilton and Maggie Gyllenhaal.

THE JOURNAL CROSSWORD

Edited by Mike Shenk



46 Atlantic conf. members
47 Go downhill fast
48 Vocalist's effect
49 "Stealing the Name" writer Harlan
51 Who goes up the ghost,
eg. 52 Jarjan
53 Jeffreys of "Leprechaun"
54 Data-compressing algorithm
55 Silver nitrate, e.g.
56 Dog segment
57 Indirect entertainment
58 Curiosity creator
59 Stargazing, in
15 Across
60 Like skeletons
61 Abr. on many
62 Crosses
63 Brought to bear
64 Appropriate
65 Color choice for Halloween
67 Like some players' writing
68 Gooey, in Gaeta
69 Many-stringed
70 "Tuna Devil"
71 "Decrepit" dramatist
72 Calvin Coolidge's alma mater
73 "The Devil's
74 King of Sheolus's Symphony No. 4
75 "Aeolian" science course
76 Shorting locate
77 San Jose site
78 Dredging words?
79 Flying
79 UPS delivery
80 Colorizing choice
82 Releases from duty
84 Good boy, one
85 Good, one
86 Many
87 "Tuna Devil"
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Halloween Treats from the Poet | by Gabriel Stone

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1 Devil with the Devil, e.g.
5 Tom who played Devil
10 Film in which Matt Damon plays Devil
12 Afflict play fallen angels
15 Laboratory class, first
19 Melville's second
20 "Audacity of Hope" author
21 Just... in the hood
22 "Damn Yankees" tempress
23 Candy canes for costume
24 Costumes for costume as a "Star Wars" rogue?
25 Candy canes for costume as a Roman emperor?
27 Red state
28 Pincushion-shaped letter
29 Devil's figures
31 Lower of order
32 Candy bars for costume as a tooth doctor?
35 Devil's folk
38 Ditch
39 Old-fashioned band
40 Halloween costume choice
42 Cassidy of the Addams Family
43 Short and sweet
45 Colonial legislator
48 The "Devil's
50 Devil's author

50 Candy bars for one costume as a kid
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114 Candy bar for one costume as a Garden-variety
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13 Emotional
14 Influence, to
15 Traffic-stopping
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17 Candy bar for one costume as a Garden-variety
18 Alter spot
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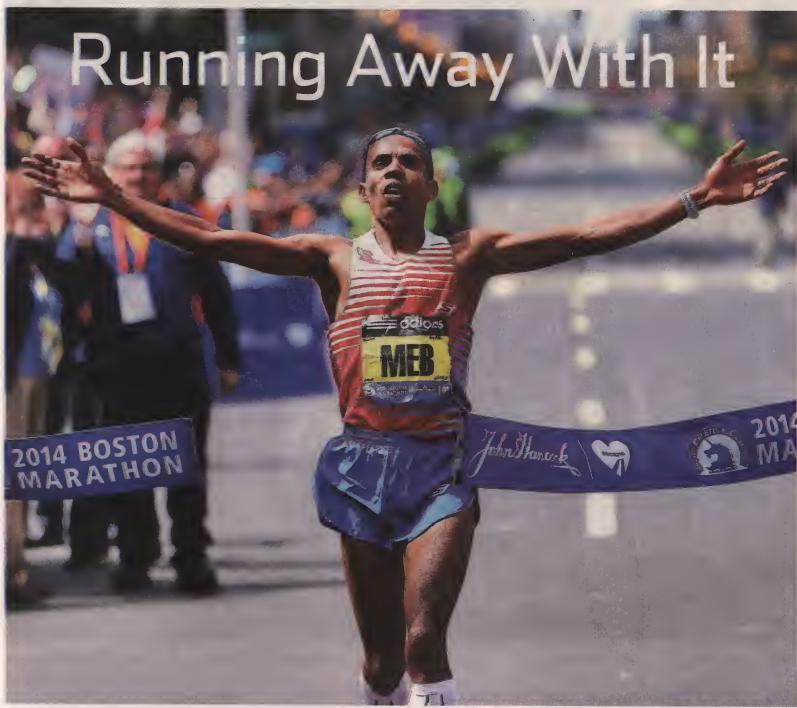
Last Week's Solution

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SPORTS

Running Away With It



In April, Meb Keflezighi became the first U.S. man to win the Boston Marathon.

How Underdog American Meb Keflezighi Is Shaking Up The Marathon World

BY MATTHEW FUTTERMAN

ON APRIL 21, one hundred minutes into the running of the 118th Boston Marathon, something incredible passed before fans at the 21-mile mark: an American in the lead. The very sight—of Meb Keflezighi out front in a race that no American had won since 1983—inducedmania in the crowd and gathered to celebrate U.S. resilience. A year earlier, two terrorists' bombs had turned the Boston Marathon deadly.

"USA! USA!" the fans chanted, sounding more like a World Cup soccer crowd.

Keflezighi could sense how desperate these fans wanted an American to win a year after those bombings. He'd spent much of the last half-hour running so far in front that his closest competitors could barely see him. Glancing over his shoulder at the 23-mile mark, however, he saw the orange blur of Kenyan Wilson Chebet gaining ground.

"I'm being hunted," Keflezighi told himself.

At 28, Chebet was 10 years younger than Keflezighi. He had broken 2 hours 6 minutes in multiple races. Keflezighi had never broken 2:09. Keflezighi thought of slowing down and letting Chebet catch him, but that would be a sprint to the finish on Boylston Street, he thought. But catching up might inspire Chebet to blaze ahead. "Maintain the gap," Keflezighi told himself.

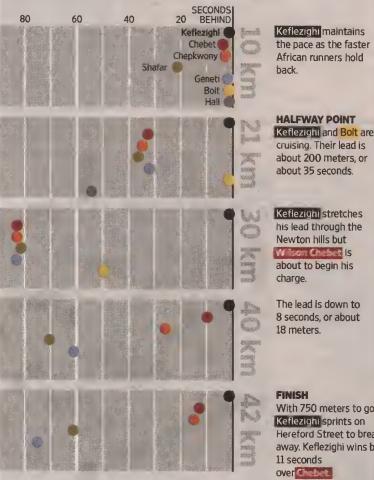
Chebet looked to be about 100 meters behind. "To feel better I told myself that if Wilson was feeling really good, he would be next to me by now," Keflezighi recalls. "But I was 24-mile mark and I felt like throwing up."

A mile later, Chebet had pulled within 25 meters. The dream of an American winning for the first time in three decades on the most important day in the country's marathon history was in danger of coming to an abrupt end.

On Sunday, Keflezighi will try to become the first American since 1982 to win the New York and Boston marathons in the same year. Hardly anyone expects him to succeed. In New York, the site of some of his best races, he

How Meb Keflezighi Won the 2014 Boston Marathon

The runner got an early lead and then fought off a late challenge.



Source: Boston Athletic Association

In a village without any electricity or running water, Lelisa Dele, 30, drives. In total, in the middle of the 30-year war between Ethiopia and Eritrea, Keflezighi's father dodged Ethiopian soldiers, bandits and hyenas on a 225-mile trek to safety in Sudan. He immigrated to Italy, where he worked for 3½ years to earn enough to send for his family. They came to the United States for moving to New York.

In 1997, the family arrived in San Diego, when Keflezighi was 12. Only then did he begin to speak English. He had little more than the clothes they wore. Keflezighi wasn't a runner back in Eri-

block from San Diego's Mission Beach. "I grew up running," he says. "I ran for 24 years. Look at my times." His times off all his marathon finishes to the second. When he is healthy, he explains, his results fall within about 90 seconds of each other. "I'm skeptical when I see people who have the big fluctuations," he says.

To keep elite conditioning is simply a collection of frighteningly lean bodies bounding as fast as they can for as long as they can. "My strategy is to go out...and win the race, no matter the distance or pace," explains Lelisa De-

day to run at 4,000 feet. Such altitude tends to be bad for production of red blood cells, which then increases the supply of oxygen during a race.

Ideally, he wants his 5-foot-5½-inch frame to weigh in at 122 pounds by race day. A typical day features a long "tempo" run at near-race pace. Then next day he moves to a shorter interval workout such as half-speed one-mile "repeats." On day three, he might do an easier recovery run, such as an hour-long 10-mile jaunt. Each cycle includes one long run of at least 20 miles. To avoid overtaxing his joints, he runs on grass or hard dirt whenever possible.

Some afternoons, he slips in a 90-120-minute ride on his elliptical bike, which mimics the running motion minus the pounding.

Breakfast, around 6:30 a.m. is two pieces of whole grain toast or hamhambusa, an Eritrean bread, with almond butter and maybe some eggs. He walks his two older dogs for 15 minutes. He has more protein and carbs at lunch and fruits throughout the day, such as mangoes, peaches and blueberries. He drinks a protein shake after each run. Dinner consists of whole-grain pasta with chicken or meat. He says he rarely drinks alcohol, beyond the occasional half-pint of beer.

On a recent day, Keflezighi did a one-mile warm-up run (at a 7-minute per mile pace) across the grass of Mission Bay Park. Then he changed into his racing shoes for a series of one-mile repeats around the park's Fiesta Island, a barrier of trees.

Rushing next to his training partner, Richard Levy, who rides his bike in front of him on nearly every run, Keflezighi ripped off eight mile repeats—the fastest at 4:32, the slowest at 4:49. Between each he rested for 2½ minutes.

A three-mile cool down, at a 7-minute pace, followed. Keflezighi then did about 15 minutes of high-knee sprints, sideways-walking squats and various awkward forms of strength training.

Afterward, he iced a sore knee and ankle. He took a digestive aid—commonly used among elite runners—to speed his peristalsis and help him lose the 7 pounds he wants to drop before New York. He also took calcium and vitamins supposed to keep his joints, bones and immune system healthy.

Midday brought a massage. In late afternoon he rode for 90 minutes on

planned to destroy the field. "I think it was the 1980s," he says. "I think of the fast and fast Amsterdam Marathon, he says that Keflezighi never entered the minds of the African runners before the race. They focused only on one another.

On the way to the starting line, Keflezighi noted the calm, sunny weather. "No wind," he says. "He could take a lead if he wanted without having to battle the elements. But he couldn't be greedy. Even if the opportunity to grab a lead arose, he had to keep an even pace on the notoriously hilly course.

Keflezighi has never run a flat marathon in cool weather, while in peak shape. The fast allows him to move in ideal conditions and might be fast enough to match the fastest Africans. He would like to believe he could run a 2:05 or 2:06 marathon, but he never has.

Maharawi Keflezighi, his brother and manager, says for Meb to win, he has to set a pace so that the race finishes between 2:08 and 2:10. If he runs too fast, he might not be able to keep up. If it is slower, he might lack the speed to outkick a rested field at the end.

Keflezighi was quick off the starting line and sprinted to the front. During the first few miles, he noticed the Africans didn't want to fast race. They kept going to the front and then trying to block anyone who tried to surpass them.

The pace was relatively slow—a 4:59 opening mile. The first five-kilometer (3.1-mile) split was a little more than 15 minutes. Keflezighi noticed that Dessisa's mechanics were off. He seemed to be running with his head down.

Since his teens, Keflezighi's forte has been to push the pace. He doesn't let competitors relax, so they can force the race to come down to the final 200 meters, a tactic known as "sit and kick." After five miles, Keflezighi made his first surge—just to see the African reaction. "I just sit and kick," he says. "It's a move and they let me go."

Only Josphat Boit, a Kenyan-born

naturalized American citizen, went with him. At the eight-mile mark, Keflezighi told Boit he had no idea what the Africans were doing. The two drafted off each other for the next two miles, then Boit moved to the front, better known for shorter 5,000- and 10,000-meter races, opened a lead of nearly 50 meters from miles 10-12.

Keflezighi stayed calm. Then he glanced over his shoulder and saw a large group not far behind. He sprinted to catch up with them in mile 10-12. They passed the 20-mile mark in 10:42. The race was right in Keflezighi's sweet spot.

At 14 miles, Boit, a Boston Marathon rookie, accidentally clipped Keflezighi's foot, a common error when a runner trips. Keflezighi decided to make a break. He ran mile 16 in 4:39 and began the brutal Newton hills alone.

Keflezighi needs the race to be between 2:07 and 2:10. If it is faster, he may not keep up. If it is slower, he might lack the speed at the end.

He climbed, a familiar pain arose. In 2007, Keflezighi had a bothersome cramp that started from the bottom of his left foot. Ever since, the area has blistered, making each step in the final third of the race feel like a nail pounding through his skin.

He saw the American flags, heard the "USA" chants and told himself to ignore the pain. "I said, 'This is for my country. This is for the victims.' " The area covers 21 miles through the hills and across the 21-mile mark, where Heartbreak Hill descends.

Just then, a realization struck him: Chebet and the rest of the Africans, Keflezighi, whom they'd assumed would be out of sight, "I realized we have a nail problem," Chebet says. "I had to stop and rest, then I started closing the gap with each mile, until only six seconds separated him from Keflezighi, with a little more than a mile to go." "Maintain the gap," Keflezighi told himself as he passed Fenway Park. Before the slight uphill with one kilometer to go, he thought of two words—"quick feet."

Afterward, he iced a sore knee and ankle. He took a digestive aid—commonly used among elite runners—to speed his peristalsis and help him lose the 7 pounds he wants to drop before New York. He also took calcium and vitamins supposed to keep his joints, bones and immune system healthy.

Midday brought a massage. In late afternoon he rode for 90 minutes on

The Wall Street Journal

2014 BOSTON MARATHON



BRUCE GOLDSTEIN/IMAGE

How Underdog American Meb Keflezighi Is Shaking Up The Marathon World

BY MATTHEW FUTTERMAN

ON APRIL 21, one hundred minutes into the running of the 118th Boston Marathon, something incredible passed before fans at the 21-mile mark: an American in the lead. The very sight of Meb Keflezighi, a 39-year-old who had never won a race, let alone a major one, induced mania in a crowd that had gathered to celebrate U.S. resilience. A year earlier, two terrorists' bombs had turned the Boston Marathon deadly.

"USA! USA!" the fans chanted, sounding more like a World Cup soccer crowd.

Keflezighi could sense how desperately these fans wanted an American to win a year after those bombings. He'd spent much of the last half-hour running so far in front that his closest competitors could barely see him. Glancing over his shoulder, he saw the Kenyan Wilson Chebet, a mere 20 seconds back, however, he saw the orange bib of Kenyan Wilson Chebet gaining ground.

"I'm being hunted," Keflezighi told himself.

At 28, Chebet was 10 years younger than Keflezighi. He had broken 2 hours 6 minutes in multiple races. Keflezighi had never done so. Keflezighi thought of slowing down and letting Chebet catch him. It might salvage energy for a sprint to the finish on Boylston Street, he thought. But catching up might inspire Chebet to blaze ahead. "Maintain the gap," Keflezighi told himself.

Chebet looked to be about 100 meters behind. "I was better," he told myself that Wilson was winning. "I'm good, he would be next to me now," Keflezighi recalls. "Then I hit the 24-mile mark and I felt like throwing up."

A mile later, Chebet had pulled within 25 meters. The dream of an American winner on the first time in three decades to the Boston finish line was within danger of slipping away, but it didn't.

On Sunday, Keflezighi will try to become the first American since 1982 to win the New York and Boston marathons in the same year. Hardly anyone ever does it, so when he gets to New York, the site of some of his best races, he will compete against at least four others who have finished marathons faster—in some cases much faster—than he has. He is 39, and nobody that old has won the New York City Marathon.

Yet Keflezighi may be America's most dangerous underdog. Before winning the Boston title, he was a nobody nobody saw coming—he finished fourth at the 2012 Olympics, the highest finish by an American male since Keflezighi took silver at the 2004 Olympics.

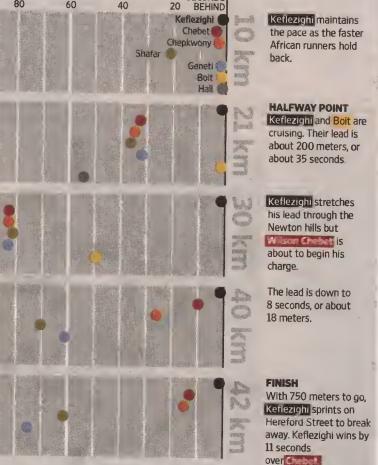
As elite American athletes go, Keflezighi remains obscure. At the London Olympics, the BBC's guide to introducing America's fleet of marathoners forgot to include Keflezighi. He is also three times estimated. Before the London Olympics, Keflezighi's longtime sponsor, Nike, declined to renew his contract.

Less known still is how Keflezighi—who balances running with raising three young daughters with his wife, Yordanis—is managed to peat at an age when most marathoners have tired. Unlike many of his peers, he trains alone. In recent days, he offered a glimpse inside his training regimen.

His late-career surge may be more stunning than his transformation from a shy, undernourished refugee into an elite athlete. Meb Keflezighi's journey started

How Meb Keflezighi Won the 2014 Boston Marathon

The runner got an early lead and then fought off a late challenge.



Source: Boston Athletic Association

in a village with no electricity or running water in war-torn Eritrea. In 1981, in the middle of the 30-year war between Ethiopia and Eritrea, Keflezighi's father dodged Ethiopian soldiers, handbags and hyenas on a 225-mile trek to safety in Sudan. He immigrated to Italy, where he worked for 12 years to earn enough to send for his family. In 1993, he got approval for moving to the U.S.

In 1997, the family arrived in San Diego, where Keflezighi was 12. Only Keflezighi's father spoke English. They had little more than the clothes they wore. Keflezighi wasn't a runner back in Eritrea, but he was a track star in his ninth-grade gym class shortly after he arrived in San Diego. A state champion in track and cross-country, Keflezighi won a full scholarship to UCLA. National championships, a silver medal at the Athens Olympics and a victory in the 2009 New York City Marathon would follow.

In 2012, he was sidelined. When Keflezighi asked to extend his contract through the 2012 Olympics, it dropped him. At 35, Keflezighi appeared to be finished. A Nike spokesman declined to comment.

Keflezighi lined up a new shoe sponsor, California-based Skechers. A year earlier, he had won the U.S. Olympic trials marathon, outdistancing such a sporty as Ryan Hall. At the London Games, he finished fourth behind a Ugandan and two Kenyans after getting sick in the middle of the race.

Keflezighi has never failed a drug test and has long supported a lifetime suspension for a single performance-enhancing drug. He is a fan of a sport where many athletes have tested positive for PEDs, late-career heroes such as his inevitably raise eyebrows. He understands the question.

"Can people be skeptical?" he says over a plate of French toast in a cafe

day to run at 4,000 feet. Such altitude training helps to boost production of red blood cells, which then increases the oxygen available to muscles.

Ideally, he wants his 5-foot-5½-inch frame to weigh in at 122 pounds by race day. A typical day features a long "tempo" run at near-race pace. The next day he might do a shorter interval workout, such as high-speed one-mile "repetitions." On any three, he might do an easier recovery run, such as a long, long 10-mile jaunt. Each cycle includes one long run of at least 20 miles. To avoid overtaxing his joints, he runs on grass or hard dirt whenever possible.

Some afternoons, he slips in a 90-100-mile bike ride on his elliptical bike, which mimics the running motion minus the pounding.

Breakfast, around 6:30 a.m., is two pieces of whole grain toast or ham-basha, an Eritrean bread, with almond butter and maybe some eggs. He walks his two older daughters to school. He has his wife, Yordanis, cook at lunch and fruits throughout the day—bananas, mangoes, peaches and blueberries. He drinks a protein shake after each run. Dinner consists of whole-grain pasta with chicken or meat. He says he rarely drinks alcohol, beyond the occasional half glass of wine.

On race day, Keflezighi did a one-mile warm-up run (as a 2-mile pace) across the grass of Mission Bay Park. Then he changed into his racing shoes for a series of one-mile repeats around the park's Fiesta Island, a barren, man-made peninsula.

He sat next to his training partner, Richard Levy, and his wife, Leah, in front of him on nearly 100 yards of

Keflezighi ripped off eight miles repeats

at the fastest at 4:23, the slowest at 4:29.

Between each he rested for 2½ minutes. A three-mile cool down, at a 7-mile-per-mile pace, followed. Then came 15 minutes of high-knee sprints, side-to-side shuffles and various awkward forms of strength training.

Afterward, he iced a sore knee and ankle. He took a digestive aid—commonly used among elite runners—to speed his metabolism and help him lose the 7 pounds he wants to drop before New York. He also took several supplements to keep his joints, bones and immune system strong.

Midday brought a massage. In late afternoon he rode for 90 minutes on the elliptical bike. At night he encased his legs in plastic boots that use pulsating air pressure to compress his limbs and move circulation. He skipped a session lying upside down on the rotatator.

The next morning was an easier one, designed to help Keflezighi recover from the previous day's work. As he set out in Mission Bay Park, Keflezighi planned to do eight miles at a 6½ pace, but he ended up tracking down a 10-mile loop. He was going to be it for the day, but by late afternoon his legs were back to life, enough to do 90 minutes on the elliptical bike.

Recovery plans often give way to more work. "Always your mind is thinking about what else you can do," says Keflezighi.

His practice approach is almost completely insular, in contrast to many who work with a larger group. Many of Kenya's elite marathoners train together in Africa's Rift Valley.

On race day, that insularity can have advantages. The day before April's Boston Marathon, Keflezighi ran into Desisa, the defending champion, in a hotel elevator. He wished Desisa luck. Keflezighi says Desisa barked that the race was going to be a war and that he

Marathon Keflezighi, his brother and manager, says for Meb to win, he has to set a pace so that the race finishes between 2:07 and 2:10. If the pace is faster, he might not be able to keep up. If it is slower, he might lack the speed to catch a break in the final stretch.

Keflezighi was out of the starting line and sprinted to the front. During the first few miles, he noticed the Africans didn't want a fast race. They kept going to the front as a group, trying to block anyone who tried to surge.

The pace was relatively slow—a 4:59 opening mile, and a first-mile 4:00-meter (3.1-mile) split was little more than 15 minutes. Keflezighi noticed that Desisa's mechanics were off. He seemed to have no rhythm.

Since his teens, Keflezighi's form has been to push the pace. He doesn't let anyone run with him, so they can force the race to come down to him. "At 200 meters, a tactic known as 'sit and hit.' After five miles, Keflezighi made his first surge—just to see the African reaction.

There was none. "I made a move and they let me go," he says.

Only Josaphat Boit, a Kenyan-born naturalized American citizen, was with him. At the six-mile mark, Keflezighi told Boit he had no idea what the Africans were doing. The two drafted off each other for the next two miles, trading the lead. Then Boit, better known for shorter 5,000 and nearly 10-mile races, opened up a lead of nearly 50 meters over miles 10-12.

Keflezighi stood behind him. He glanced over his shoulder and saw a large group not far behind. He sprinted to catch up with Boit. They passed the halfway mark in 1:04:21. The race was right in Keflezighi's sweet spot.

At 14 miles, Boit, a Boston Marathon rookie, had a 10-second lead over Keflezighi, a common error when a runner takes a break. He ran mile 16 in 4:39 and began the brutal Newton hills alone.

Keflezighi needs the race to be between 2:07 and 2:10. If it is faster, he may not keep up. If it is slower, he might lack the speed at the end.

As he climbed, a familiar pain arose. In 2007, Keflezighi had a bothersome callus removed from the bottom of his left foot. Every marathon since, the area has blistered, making each step in the final third of the race feel like a nail puncturing his skin.

He saw the American flags, heard the "USA" chants and told himself to ignore the pain. "This is for my country. This is for the victims." The cheers carried him through the hills and across the 21-mile mark, where HemisFair Hill descended.

Just when he was about to realize Keflezighi and the rest of the Africans, Keflezighi, whom they'd assumed would fade out, was out of sight. "I realized we have a real problem," Chebet recalls.

Chebet sped up, narrowing the gap with each mile, until only six seconds separated him from Keflezighi, with a little more than a mile to go. "I'm in the gap," Keflezighi said as he passed Fenway Park. Before the slight uphill with one kilometer to go, he thought of two words: "quick feet."

Ahead were two quick turns, a right onto Hereford Street and a left onto Brattle Street, giving him a chance to put the race away. Keflezighi sprinted onto Hereford onto Boylston, running so fast that he pulled up with the police motorcycles. As he turned onto Boylston, Keflezighi disappeared around the corner.

"The idea was to use the fact that he can't see me to break him," so he didn't expect that turn and he says, "When he did he was gone."

Keflezighi broke the final tape in 2:08:37, his fastest-ever marathon. Desisa says only at that moment did he accept that Keflezighi could win Boston.

In New York, the Africans will likely know better than to let him build up a lead. They'll be on him. The former world record holder Wilson Kipsang, of Kenya, and defending champion Geoffrey Mutai, of Kenya, are in the race.

It is a different race than Boston. In New York, runners often make a fatal error at mile 16 as they enter Manhattan. The excitement of the crowd pushes them to run too fast up First Avenue. In Boston, the Newton hills at mile 16 force runners not to go too fast too early.

To win New York, Keflezighi will probably need to run another personal best.

The excitement of the crowd pushes them to run too fast up First Avenue.

In Boston, the Newton hills at mile 16 force runners not to go too fast too early.

With New York, Keflezighi will probably need to run another personal best.

The excitement of the crowd pushes them to run too fast up First Avenue.

In Boston, the Newton hills at mile 16 force runners not to go too fast too early.

MONEY & INVESTING



Battered Ruble Bounces

Traders Eye Bank of Russia Intervention **IN THE MARKETS C4**



Slump Squeezes Oil-Giant Budgets

HEARD ON THE STREET C8

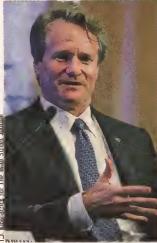
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DJIA 17195.42 ▲ 221.11 1.30% S&P 1994.65 ▲ 0.62% NASDAQ 4566.14 ▲ 0.37%

10-YR. TREAS. ▲ 6/32, yield 2.305% OIL \$81.12 ▼ \$1.08 EURO \$1.2616 YEN 109.22 See more on C5 and at WSJMarkets.com

THE WALL STREET JOURNAL

Friday, October 31, 2014 | C1



CEO Brian Moynihan added the title of chairman this month.

Investors Push Back At BofA's Reversal

By CHRISTINA REXRODE
AND DAN FITZPATRICK

Bank of America Corp.'s decision to make Brian Moynihan chairman as well as chief executive has come under fire from some influential shareholders.

Three of the largest pension systems in the U.S. are pushing back on the bank's move, announced earlier this month. The resistance comes from the California Public Employees Retirement System, the California State Teachers' Retirement System and the adviser to New York City's five pension funds may result in a variety of steps to try to improve governance, including a shareholder campaign to change the makeup of the board, sources according to people familiar with the matter.

Bank of America set off these investors' ire when its board changed the bank's bylaws Oct. 1 to allow it to combine the chairman and CEO roles. It had done so much later that day that it had given the chairman's job to Mr. Moynihan. The move essentially unraveled a binding 2009 shareholder resolution to separate the positions. A majority of shareholders, including the three pension systems, had voted for the resolution.

"They flaunted the will of the shareholders," said Anne Sheehan, corporate-governance director at the California State Teachers' Retirement System, or Calstrs, the second-largest pension fund in the U.S. by assets.

"It's like they had paid their

Outage Powers Stocks in 'Flash Blast'

Dow Adds to Gains After Glitch Moves Trading to Chicago for First Time; 'Market Shot Up, Not Down'

US stocks extended their losses October 30 as the Dow Jones Industrial Average rose 221 points Thursday in a session that was marred by a glitch that forced the New York Stock Exchange for

most of the day and week data from all 11 US stock exchanges. The problem, which resembled a longer outage last year at the Nasdaq Stock Market, rolled trading.

Many investors, unsure of the accuracy of some quotes pulled back from the market, traders and analysts said. In the vacuum, stocks were hit with a spike, before coming back some of those gains after systems came back online. During this time, the Dow jumped roughly 100 points.

"We're calling it the 'flash blast' instead of the 'flash crash,'" said Bradley Hope, a technical strategist at Wedbush & Co., referring to the May 2010 episode in which the Dow plunged more than 900 points in a few minutes before recovering. "The market shot up, not down."

the first time to conduct afternoon trading from a disaster-recovery center in Chicago.

A strong earnings report from Visa Inc. spurred a broad advance before trading was interrupted by a technical outage at 10:07 a.m. EST.

The disruption originated in one of the U.S.'s three Security Information Processing Systems, that collect, consolidate and disseminate

trading data from all 11 US stock exchanges. The problem, which resembled a longer outage last year at the Nasdaq Stock Market, rolled trading.

The NYSE, a unit of Intercontinental Exchange Inc., blamed a "network hardware failure" at its data center in Mahwah, N.J. The Big Board said normal trading resumed by 1:41 but other exchanges including BATS Global Markets Inc. said issues with the exchange's trade data continued until 2:40 p.m.

The NYSE handled trading from Chicago after the initial outage Thursday afternoon and didn't immediately cancel any trades. A person familiar with the exchange said regular trading from New York was expected to resume Friday when any trade-cancellation decisions could be made.

The rest of the session was busy, with stocks seeing continued

Please turn to page C4

Source: WSJ Market Data Group

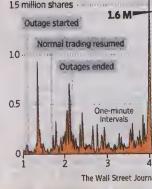
Trading Interrupted

A glitch in a key feed for NYSE quotes and trades was followed by a jump in share prices and a spike in volumes, including the iShares Russell 2000 index exchange-traded fund.

iShares Russell 2000 ETF



Volume in iShares Russell 2000 ETF



The Wall Street Journal

Activist Smudges DuPont Paint Deal

By RYAN DEBBER

When DuPont Co. agreed to sell its paint-making unit to private-equity firm Carlyle Group LP two years ago, the chemicals giant was lauded by deal makers and analysts for fetching a rich price.

But not everybody looks fondly on the \$4.9 billion deal. Axalta Coatings Technology Fund Management LP lambasted DuPont's handling of the paint division as an example of corporate fable at DuPont and criticized its sale as a gift to Carlyle at the expense of DuPont shareholders.

The "transaction is a current and real-life example of the intrinsic profit potential of a DuPont subsidiary being overwhelmed by the costs imposed on it by the conglomerate structure," Trian wrote to DuPont's board.

The activist has been having "constructive dialogue" with Axalta and points to the sale of the paint business as progress on its own plan to slim down. Since the sale, DuPont said, it has trimmed corporate expenses equal to the amount of cash it had received from

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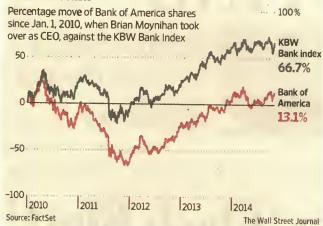
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MONEY & INVESTING

Lost Ground

Percentage move of Bank of America shares since Jan. 1, 2010, when Brian Moynihan took over as CEO, against the KBW Bank Index



Source: FactSet The Wall Street Journal

Some Investors Irked By BofA's Reversal

Continued from the prior page
systems control 93 billion Bank of America shares, or about 0.9% of shares outstanding, according to the most recent data available.

Bank of America's board is within its rights to combine the positions, because the board of virtually any company incorporated in Delaware is allowed to alter corporate bylaws, even if it means undoing a previous shareholder change.

Some big shareholders supported the move, including Warren Buffett, whose Berkshire Hathaway Inc. made a \$5 billion investment in the bank in 2011. "I support the board's decision 100%," Mr. Buffett said in an email in response to questions from The Wall Street Journal. "Brian Moynihan has done a superb job as CEO of Bank of America and he will make an excellent Chairman as well."



Warren Buffett says he backs the board's decision 100% to name Mr. Moynihan as chairman.

those conversations. Several directors who were against the move at the time have since left the board, these people said.

Transactions accelerated in recent months, according to people familiar with the matter. Mr. Holliday, the former chairman and CEO of DuPont Co., started telling other board members that he was ready to move on from the chairman's role, these people said. On Thursday, he was named chairman of Royal Dutch Shell PLC.

A spokesman for the Charlotte, N.C., bank said the 2009 vote to split the roles of CEO and chairman happened under different circumstances, as the bank was growing and shareholder frustration was mounting. It followed purchases of Merrill Lynch & Co. and Countrywide Financial Corp.

Another top investor echoed Mr. Buffett's support. "We think Brian Moynihan has done a great job as CEO and we have no problem with him holding both positions," says Bill Nygren, who is a partner at TIAA-CREF Investments, which owns roughly 125 million Bank of America shares, and the portfolio manager of its Oakmark Funds.

The Bank of America spokesman declined to comment on the roles under Mr. Moynihan, or a return to normal, as Bank of America has often had the same person in both positions. Most of the company's big bank peers also combine the two roles.

The bank this month also appointed a new independent director, a popular move among companies wanting to balance the power of the combined chairman-CEO role.

Mr. Moynihan told analysts in a conference call this month that his occupying both roles would be "a clear conflict of interest for shareholders." He said the bank's board members were experienced, engaged, diverse and committed to continuing the "good governance" that regulators expect.

Board members talked to corporate governance experts and had legal analysis done before making the decision, the bank spokesman said. The directors also briefed the bank's regulators at the Federal Reserve and Office of the Comptroller of the Currency, according to people close to the bank.

Yet some investors said Mr. Moynihan hasn't earned the right to hold both jobs.

"We are not happy," said a spokesman for the California Public Employees' Retirement System, or Calpers, the biggest pension fund in the U.S. "You would not be surprised to a shareholder proposal to reverse."

—Anupreeta Das contributed to this article.

Stock Fall Hit Buyout Firms

By RYAN DEZEMER

Market volatility took a bite out of private-equity profits in the third quarter, highlighting how choppy markets can dent the firms' results even as they say the tumult created positive investment opportunities.

Lower stock prices contributed to a lackluster third quarter for Apollo Global Management LLC, Carlyle Group LP, Blackstone Group LP and KKR & Co., which recalibrate the value of their equity holdings in step with the market.

At Apollo, which reported its third-quarter results on Thursday, falling stocks hit particularly hard, as the firm noticed profit of \$2.2 million, down from \$19.3 million a year earlier. The news sent the firm's shares more than 3% lower to \$22.67 for a year-to-date drop of more than 28%.

But private-equity firms don't actually lose money when they write down their assets unless they sell, and they are rarely

forced to sell low.

Market tumult is the prospect that another major sell-off or a company takeover targets have Wall Street's buyout bosses ready to pounce.

"We believe that pullback in equities ultimately helps to drive prices downward to levels where we feel more comfortable putting capital to work," says Josh Harris, one of Apollo's founders, said Thursday. Apollo has about \$22 billion in its private-equity funds to invest.

An extended stretch of too-pricy-to-profit investment opportunities has forced some buyout firms as they have had to rebalance their portfolios after more than two years of frenzied selling into the rising stock market.

"Volatility creates opportunities, which sometimes may be hard to see at first blush," Carlyle co-founder and co-Chief Executive David Rubenstein said Wednesday.

The Washington, D.C., firm this week reported third-quarter profit that was higher than a

year ago but well off the results the firm has posted since then. All four of Carlyle's partners have been chilled by turbulent markets.

Carlyle shares have fallen about 23% this year after rising about 37% in 2013.

Apollo's private-equity funds declined in value by 2% during the third quarter, as stocks were hit by those pools' sales. Oil-and-gas producer EEP Energy Corp. and casino operator Caesars Entertainment Corp. were significant contributors to the slide.

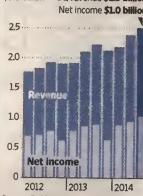
The drop contributed to a steep decline in the New York market's economic net income, which fell to \$48 million, or 12 cents a share after tax, from \$551 million or \$40 a share, a year ago.

The results failed to meet Wall Street expectations for the profit-attributable measure, which includes gains and losses in the firm's funds as well as cash earnings. Analysts polled by Thomson Reuters forecast 35 cents a share.

Charging Ahead

MasterCard's third-quarter results

\$30 billion \$25 billion Net income \$10 billion



Sources: FactSet; The Wall Street Journal

Card Firms Ride Shift To Plastic

Continued from the prior page
systems control 93 billion Bank of America shares, or about 0.9% of shares outstanding, according to the most recent data available.

"Personal-consumption expenditure is still growing in the world despite the very low rate environment," Chief Financial Officer Martin Hudejko said in an interview. Looking to 2015, she said she expects "more of the same, hopefully a little better."

Consumer spending in the third quarter showed "mixed trends in the U.S.," Mr. Banga said, noting that while retail sales growth was stronger than second-quarter levels, some sectors saw a dip in the quarter.

Europe's consumer-spending growth slowed in the third quarter from the second as consumer confidence and economic sentiment fell slightly, Mr. Banga said. In Latin America, retail-spending growth also fell in the third quarter.

MasterCard affirmed its outlook for the rest of the year, while Visa said it expects 2015 revenue growth on a constant-dollar basis of low double digits, which is stronger than the 10% expectations of analysts.

"Despite a leadership growth environment, the results give investors a renewed sense of confidence in their business models," said Nomura Securities analyst Bill Carciale. The company delivered "very strong year-over-year results and continued very strong performance in controlling expense growth," he added.

MasterCard gained \$714, or 9.4%, to \$83.13. Visa added \$219, or 10%, to end the day at \$22.65, a record close.

The rally in stocks is also "a bit of a relief rally," said Keefe, Bruyette & Woods analyst Sanjiv Sakhrani, noting that both companies' shares were down year to date before the latest earnings reports.

MasterCard said its purchase volume rose 11% on a local-currency basis to \$83.4 billion. Cross-border volume rose 15%, while processed transactions jumped 10% to 11 billion.

MasterCard's total operating expense climbed 12% to \$1.08 billion.

Visa's profit for the quarter was \$1.07 billion, or \$1.72 a Class A share, down from \$1.19 billion, or \$1.85, a year earlier. Stripping out items including a previously disclosed, \$450 million pretax litigation provision, per-share earnings were \$2.18, up 17% from a year earlier.

Revenue increased 8.6% to \$2.32 billion. Analysts polled by Thomson Reuters expected a profit of \$1.85 a share and revenue of \$1.9 billion.

Analysts at Nomura expect cash flows to decline to 22% of operating earnings in coming years from 45%.

MasterCard has been working on expanding the use of so-called contactless technology,



Reuter Online

Homes Yield Scary Bargains

Continued from the prior page

Years about the dead are very much alive.

Japanese law obliges agents to inform prospective tenants of "important" matters involving the property and previous tenants, although it doesn't specify what is important.

Mr. Oshima got into the haunted-homes business from his family's real-estate firm. He used to conduct background checks on properties he was interested in acquiring, compiling the information for internal use. While physical defects were easy to detect, gathering knowledge on past residents proved to be challenging.

"So I switched my approach, and focused on collecting day-to-day information for future reference," said the 36-year-old. Police and newspaper reports, tip-offs from fellow agents and neighbors were initially used. "But when previous occupants were found dead, I threw up my hands," he says.

He later started a website and threw it open to the public to contribute, Wikipedia-style.

What started as a side project has come to dominate Mr. Oshima's time. While the website isn't a moneymaker, he said administrative costs and his staff's salary, the site now has a total of 8,229 fire icons marked in the wider Tokyo area, and attracts several million page views a day.

Some in the realty business are concerned about the accuracy of what Mr. Oshima's.

"If the information is correct, fine. But if it's not true, it could

be devastating to property values," said Kiyoshi Hoshiai, a Tokyo-based realtor.

Analysts also have criticized what they consider the website's bad taste.

Mr. Oshima is unfazed. He said information is mainly contributed by sources he considers trustworthy, and that his staff is trained to verify information, including that seen dodgy. Viewers also have become quick to point out mistakes.

"My aim is to disclose any information that may prove useful for prospective tenants, regardless of whether property owners like it or not," he says.

His goal is to eventually map the whole world. While visits and contributions from users of his site's English version still are sparse and concentrated in big cities such as Los Angeles and London, he hopes the site will spread. Now, Mr. Oshima has 72 fire icons. One, for example, marks a hotel overlooking Central Park where a body was found in a room on the 19th floor.

There is just one problem with the site: Mr. Oshima fears it may catch a pall over his own real-estate holdings, even though he says they aren't haunted.

"Seeing so many death scenes, I began to fear that my property may one day be stigmatized," he said. He is thinking of selling it and dedicating himself completely to the site.

Continued from the prior page

KKR & Co. and Apollo Global Management LLC, agreeing to pay \$4.9 billion and take on \$250 million of worker pension costs. Other bids were closer to \$4 billion.

It was announced after the deal closed in February 2013, the tedious work of a carve-out began.

Carlyle spent more than a year separating Axalta's computer system from DuPont's, according

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BANKRUPTCIES

GLOBAL FINANCE

Swaps Rule Opposition Grows

Regional Banks Join Big Banks in Seeking Scaling Back of 'Push Out' Measure

By VICTORIA MCGRANE

WASHINGTON—Regional banks are quietly joining the fight against one of the most hated Dodd-Frank provisions on Wall Street.

The target is the so-called swaps push-out provision, which requires banks to spin off certain derivatives-trading activities into units that don't enjoy access to the government safety net.

Lawmakers including the provision to help protect borrowers from having to bail out banks felled by risky trading in swaps—a type of derivative product that played a central role in the 2008 financial crisis.

Banks say the rule, slated to go into effect next year, will merely raise costs on corporations using swaps to hedge against everyday business risks, such as the cost of jet fuel or interest-rate changes, and could actually pose a greater risk to financial stability by pushing smaller firms into the shadows.

Lawmakers raised similar concerns before and after its inclusion in the 2010 law.

Big banks that engage in a lot of derivatives trading, such as J.P. Morgan Chase & Co., Citi-

group Inc. and Bank of America Corp., have long made their concern about the provision known.

But in the past year or so, regional banks, including Pittsburgh-based PNC Financial Services Group Inc., Atlanta-based SunTrust Banks Inc. and KeyCorp of Cleveland, have entered the fray amid growing concerns about the provision's potential impact on them, industry officials say. Among their concerns is that the provision, which many smaller firms don't have

affiliated entities outside the Federal Deposit Insurance Corp.-insured bank and aren't sure if it will be practical for them to form such affiliates, which will have to be separately capitalized.

The regional banks have joined big banks in lobbying members of Congress to significantly scale back the provision, according to industry officials.

The firms are meeting with the Treasury Department, including Treasury officials, to push for earlier resistance to similar legislation, which passed the House more than once but hasn't moved in the Senate. And they are pushing for another delay before the rule goes into effect, saying they



PNB Bank Tower in Cincinnati

need more time to comply. The current deadline is July 2015.

The stakes are high for banks subject to the provision: Firms that don't comply face the potential loss of access to federal deposit insurance and the Federal Reserve's discount window.

Under the law, banks must push to separate their affiliates trading operations in what lawmakers deemed the "riskiest" swaps—agriculture, uncleared commodities, most metals and

energy swaps. Banks can keep what many consider more "traditional" swaps activity, including interest-rate and foreign-exchange swaps. A bank also can continue to engage in swaps to directly in its own risk.

One big concern for large banks and some smaller ones is that the Securities and Exchange Commission hasn't finished most of its Dodd-Frank rules governing securities-based swaps, which make up the bulk of the business that banks manage. Without those rules in place, bank officials say, they can't make informed decisions about the best way to go about spinning off the banned swaps, including what kind of entity to put them in.

The SEC declined to comment.

Many regional banks, which don't typically book a lot of business in the swaps explicitly targeted by the provision, want more time in part so they can work with the industry to craft rules regulators on when swaps can stay and which must go.

Among their questions is what a bank needs to do to demonstrate that a swap is being used to hedge its own risk.

Ocwen Posts Loss On Legal Provision

By JAMES STERNGOLD

MORTGAGE servicer Ocwen Financial Corp. swung to a loss in the third quarter after it set aside \$100 million as it seeks to settle the latest in a series of claims of weak internal controls by New York's financial regulator.

Ocwen recorded a loss of \$75.3 million, or 58 cents a share, compared with net income of \$60.6 million, or 39 cents a share, in the year-earlier quarter.

Revenue declined 3%, to \$513.7 million.

The company said it is engaged in settlement talks with the New York Department of Financial Services.

Under the law, banks must push to separate their affiliates trading operations in what lawmakers deemed the "riskiest" swaps—agriculture, uncleared commodities, most metals and

mean that they're putting this behind them."

He noted, though, that the company said the \$100 million was a preliminary estimate, and it covered only resolved claims from the state. It doesn't include the possibility of additional penalties from federal or state regulators over Ocwen's practices.

An Ocwen spokeswoman declined to comment. In a statement, Ocwen Executive Chairman William E. Bly said, "We want to emphasize that Ocwen takes great efforts to keep borrowers in their homes and to avoid foreclosures."

The third-quarter charge follows what have been a string of challenges for Ocwen. Last May, New York's superintendent of financial services, to Ocwen's handling of distressed mortgage borrowers and its ability to expand with adequate management systems in place.

A person with knowledge of the matter, speaking between Ocwen and Mr. Lawsky's office said they were in an early stage, but that in addition to a substantial penalty payment they could include an extension and expansion of the role of a monitor.

China Banks Face Harder Days as Economic Growth Slows

By DENNY MCMAHON

BEIJING—Some loans on the books of China's biggest banks have risen 22% since the start of the year, as slowing economic growth and overcapacity in a number of industries take an increasing toll on the financial sector.

The bad loans remain only a small portion of the overall loan portfolio of China's four biggest state-owned banks, which dominate lending in the world's No. 2 economy after the U.S. The banks also remain profitable, though their profit growth continues to pale in comparison with double-digit quarterly surges they posted as recently as 2012.

Still, the growth in nonperforming loans adds to other challenges for these banks. They include an older property market, where average new home prices are declining and where in some cities developers offer incentives ranging from free appliances to iPhones to new fittings for a residence to speed sales. Industrial overcapacity is a key problem, and apparel textiles is starting to bite, and many small and privately owned firms are struggling to stay afloat, particularly in the manufacturing heartland of the Yangtze and Pearl River deltas.

At the same time, the third-quarter Chinese banks generally disclosed more details in their

half-year and full-year results. ICBC posted the sharpest decline in such provisions; they fell more than 70 percentage points, to 16.6%.

Following a debt-fueled investment boom that started in 2008 and has only recently tapered off, economic growth is slowing and many companies are struggling to pay back what they borrowed during the good times. The Chinese economy grew 7.3% during the third quarter, down from 7.4% in the second quarter and 7.7% for all of last year. The third-quarter rate was the slowest since the global financial crisis.

At the same time, interest-rate liberalization has compi-

cated life for the banks by intensifying competition. Last year China removed a floor on lending rates, and in the second quarter, at the end of June, the bank said it was discussing removing a cap on deposit rates, which would further ratchet up competition.

Banks have been raising funds amid tighter conditions and government requirements that they buff up their capital.

China Construction Bank Corp., the country's second-largest lender by assets, said it plans to raise up to 11.9 billion yuan by selling shares to China's national tobacco company.

Also on Tuesday, Agricultural Bank of China said third-quarter net profit rose 6% from a year

earlier, to 48.41 billion yuan. Nonperforming loans stood at 103.47 billion yuan at the end of September, up 1.4% from a year earlier. The bad-loan ratio stood at 1.29%, up from 1.24%.

Bank of China, which also reported earnings, said its third-quarter net profit rose 5% from a year earlier, to 41.41 billion yuan, up from 39.8 billion yuan. Bank of China also posted 90.7 billion yuan of nonperforming loans as of the end of September, up from 85.86 billion yuan at the end of June.

The bad-loan ratio stood at 1.07%, up from 1.02%.

—Grace Zhu
contributed to this article.



Pivit operating chief Meg Lockwood, co-founder Gregory DePetrillo, center, and Vice President Doug Yost

All Election Bets Are Off

By TELLS DEMOS

Founders of political wagering site Intrade are back with a new formula for electoral prognostication, minus one big thing: the wagering.

Pivit, a Web and mobile application, is launching prediction markets this week for the midterm U.S. elections.

The app is the product of Biliary Event Network Inc., a company founded by Gregory DePetrillo and John McMahan, who developed the first iteration of Intrade in 1999, and with Jason Finch, who also worked at

Intrade until 2004, as Intrade, which was based in Dublin, faced increasing U.S. regulatory pressure. Regulators declared political-event contracts a form of gambling around

George Mason University, who has studied prediction markets.

David Rothschild, economist at Microsoft Corp.'s Microsoft Research, who worked at Intrade, pointed to the success of social media such as Twitter Inc. and Facebook Inc., which offered no monetary incentive to participate and drew millions of users. "There are ways to work with incentives to make people treat it almost as real as money and not as a bet in their opinions," he said.

Pivit will set initial percentages for individual events—a measure of how likely they are—



role in the 2008 financial crisis.

Banks argue the rule, slated to go into effect next year, would merely raise costs on corporations using swaps to hedge risk, eroding industry jobs, such as the cost of jet fuel or interest-rate changes, and could actually pose a greater risk to financial stability by pushing such trading out of regulated banks and into the shadows. Some regulators raised similar concerns before and after its inclusion in the 2010 Dodd-Frank Act.

Big banks that engage in a lot of derivatives trading, such as J.P. Morgan Chase & Co., Citi-

group and others, have such facilities, which will have to be separately capitalized, lobbyists say.

The regional banks have joined the fight. In lobbying, members of Congress to significantly scale back the provision, according to industry officials. The firms are meeting with the Obama administration, including Treasury officials, to try to ease earlier resistance to similar legislation that passed in the House more than once but hasn't moved in the Senate. And they are pushing for another delay before the rule goes into effect, saying they

PW Bank Tower In Cincinnati

need more time to comply. The current deadline is July 2013.

The stakes are high for banks subject to the provision: Firms that don't comply face the potential loss of access to federal deposit insurance and the Federal Reserve's discount window.

Under the law, banks must put a swap in the books for trading operations in what lawmakers deemed the "riskiest" swaps—agriculture, uncleared commodities, most metals and

energy swaps, including what kind of entity to put them in.

The SEC declined to comment.

Many regional banks, which don't typically book a lot of business in the swaps explicitly targeted by the provision, want more time in part so they can get and respond to more clarity from regulators on what swaps are allowed and which must go. Among their questions is what a bank needs to do to demonstrate that a swap is being used to hedge its own risk.

The stock, which has fallen 58% this year, climbed 11% on Thursday, rising \$2.35, to \$22.16, in 4 p.m. trading. "I think that they're negotiating with the regulator is a positive for the market," said Rose George, an analyst with Kieff, Bruyette & Woods. "It could

The third-quarter charge follows a settlement talks with the New York Department of Financial Services over its practices in managing distressed mortgage borrowers. The company is moving closer to resolving regulatory issues that have crippled its growth.

The stock, which has fallen 58% this year, climbed 11% on Thursday, rising \$2.35, to \$22.16, in 4 p.m. trading. "I think that they're negotiating with the regulator is a positive for the market," said Rose George, an analyst with Kieff, Bruyette & Woods. "It could

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By DENNY MCMARSH

BELMING—Sour loans on the books of China's biggest banks have risen 22% since the start of the year, and signs of growth and overcapacity in a number of industries take an increasing toll on the financial sector.

The bad loans remain only a small portion of the overall loan portfolio of China's four biggest state-owned banks, which dominate lending in the world's No. 2 economy after the U.S. The banks also remain profitable, though their profit growth continues to pale compared with the double-digit quarterly surges they posted as recently as 2012.

Still, the growth in nonperforming loans adds to other signs of weakness in the Chinese economy. They include an ailing property market, which is pricing out buyers, and where prices are declining and where in some cities developers offer incentives ranging from new fixtures to iPhones to spur sales. Industrial overcapacity in coal production, steel and textiles is starting to bite, and many companies are struggling to stay afloat, particularly in the manufacturing heartland of the Yangtze and Pearl River deltas.

At the end of the third quarter, China's big-four banks—Bank of China Ltd., Industrial & Com-

mercial Bank of China Ltd., China Construction Bank Corp. and Agricultural Bank of China Ltd.—had 415 billion yuan (\$68 billion) of nonperforming loans on their books. That is up 22% from the end of 2012 and is 8% higher than when they last reported data at the end of June.

They averaged a nonperforming loan ratio of only 1.14% at the end of September, up from 1.03% at the end of 2012.

They have also decreased the provisions they set aside against bad loans, suggesting they have been writing down debt. The banks didn't disclose details of any write-downs in the third quarter; Chinese banks generally disclose more details in their

half-year and full-year results. ICBC posted the sharpest decline in such provisions; they fell more than 70 percentage points, to 21.8% in the third quarter.

Following a debt-fueled investment boom that started in 2008 and has only recently tapered off, economic growth is slowing and many companies are struggling to pay back what they borrowed during the good times. The Chinese economy grew 7.3% in the third quarter, down from 7.4% in the second quarter and 7.7% for all of last year. The third-quarter rate was the slowest since the global financial crisis.

At the same time, interest-rate liberalization has compi-

lated life for the banks by intensifying competition. Last year China removed a floor on lending rates, while officials have discussed whether to cap on deposit rates, which could further ratchet up competition.

Banks have been raising funds amid tighter conditions and government requirements that they buff up their capital.

On Thursday, China Citic Bank Corp., the country's second largest bank, by assets, said it plans to raise up to 11.9 billion yuan by selling shares to China's national tobacco company.

Also Thursday, Agricultural Bank of China said third-quarter net profit rose 6% from a year

earlier, to 48.41 billion yuan. Nonperforming loans stood at 103.47 billion yuan at the end of September, up from 97.47 billion yuan at the end of June, the bank said. Its non-loan ratio stood at 1.20%, up from 1.24%.

Bank of China, which also reported earnings, said its third-quarter net profit rose 5% from a year earlier, to 41.41 billion yuan, lifted by higher interest income. Bank of China also posted 90.7 billion yuan of nonperforming loans as of the end of September, up from 85.86 billion yuan at the end of June.

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Founders of political wagering site Intrade are back with a new forum for electoral prognostication, minus one big thing: the wagering.

Pivit, a Web and mobile application, is launching prediction markets this week for the midterm U.S. elections.

The app is the product of Binary Event Network Inc., a company founded by Gregory DePetris and John McNamara, who founded Intrade from scratch in 1999, and with John Finch, who also worked at Intrade in its early days.

Intrade involved buying and selling investment contracts tied to events like elections. But the once-pivotal market has been out of the market since 2010 after regulatory pressure. In 2010, its chief executive, John Delaney, died while climbing Mount Everest. During the 2012 election, Intrade announced that some participants were making outside bets on presidential-election contracts. Intrade has since stopped the market. This year, the market stopped trading after the company said it found financial irregularities.

Pivit's contracts are based in percentages, not dollars. Participating doesn't require any money to put out any rewards. Instead, the new market aims to attract people with rankings of the best predictors.

"We're essentially taking everything we learned and applying it to Pivit," said Mr. DePetris, chief executive of Binary Event Network.

Some academics argue that harnessing thousands or millions of individual opinions can produce more accurate predictions than experts, polls and computer models, an effect known as "the wisdom of crowds." Companies such as Microsoft Corp., as well as U.S. intelligence agencies,

have funded research into prediction markets, which may be useful for forecasting customer and market behavior.

Now defunct, Intrade was at one point one of the most widely cited political prediction markets. During the 2012 election, related contracts represented over \$200 million worth of wagers, Intrade said at the time.

Many of the founders had left the company by 2006, as Intrade, which was based in Dublin, faced increasing U.S. regulation. In 2007, the founders declared political-event contracts a form of gambling around the same time that lawmakers barred U.S. banks from dealing with online gambling operators in other countries.

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Researchers say that nonmonetary incentives can bring people into a market, but doing so still could prove more difficult.

"It's an obstacle. A lot of markets have offered play money and people haven't shown up," said Robin Hanson, associate professor of economics at

George Mason University, who has studied prediction markets.

David Rothschild, an economist at Microsoft Corp.'s Microsoft Research, who has studied Intrade, pointed to the success of some prediction markets, such as Intrade and Farnsworth Inc., which offered no monetary incentive to participate and drew millions of users. "There are ways to work with incentives to make people treat it almost as real as money and to be honest in their opinions," he said.

Intrade will set initial percentages for individual events—a measure of how likely they are

by using a mix of polls and other

factors, determined by a complex algorithm. Like a stock market, the percentages will move rapidly, based on people's opinions and Pivit's own algorithms, which will adjust prices to encourage trading, much like a market maker does in financial markets.

Pivit's app works by creating markets in which people say whether they think an outcome is more or less likely than the current prediction level. People are rewarded when they predict an outcome, and their percentage likelihood moves in their direction.

The initial midterm market will be available via CNN's website, in a partnership with the news organization. The best predictors will be publicly ranked by CNN.

Pivit's initial markets include one for Republicans taking control of the Senate and five individual elections, including the Kentucky Senate race and the Wisconsin gubernatorial race.

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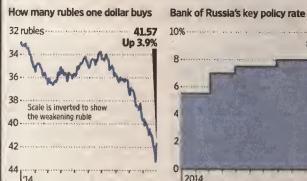
IN THE MARKETS



A sign shows foreign-exchange rates in Moscow on Thursday. Russia's central bank has been intervening almost daily this month to soften the decline of the ruble, which is down 5% in October.

Show of Strength

The ruble spiked higher against the dollar Thursday amid investors' belief that Russia's central bank will raise interest rates.



Sources: ICAP via WSJ Market Data Group (ruble); Thomson Reuters (policy rate)

The Wall Street Journal

Ruble Leaps as Investors Await Rates Move

Some Traders Suspect Bank of Russia Intervened to Trigger the Abrupt Move Ahead of Policy Meeting's Decision Friday

By ANDREY OSTROUKH
AND Ilya ISOBASHEV

MOSCOW—Russia's battered ruble rallied to its biggest one-day gain against the U.S. dollar in nearly six years, on expectations the country's central bank is likely to take strong measures to shore up the currency.

Driving the rally was the belief that the Bank of Russia will announce the currency's

CURRENCY TRADING steps at a policy meeting Friday. Some analysts also believe the central bank staged a huge intervention on Thursday to support the ruble, the currency, which has fallen 25% against the U.S. dollar so far this year, from further weakness.

The combination of falling oil

prices and the impact of Western sanctions has contributed to an economic slowdown, causing some denominated assets such as stocks and bonds. Russian companies' dollar purchases ahead of end-of-year debt repayments also have weighed on the ruble.

Russia's central bank has been intervening in the foreign-exchange market to soften the decline, selling more than \$28 billion since early October. But with the price of oil, Russia's chief export, down more than 20% since the start of 2014, the bank so far hasn't been able to stop the currency's slide, which has fallen 5% against the dollar in October.

That is why some investors believe Bank of Russia likely is preparing more drastic measures,

"There are growing expectations that the central bank will take some major action," said Michael Grishanov, a market-linked chief investment officer at UBS Wealth Management, which oversees about \$1 trillion. Mr. Grishanov said he anticipates an interest-rate increase on Friday—by as much as 100 percent—to support the current 8%.

In late New York trading Thursday, the ruble rose 3.9% to 41.57 rubles per dollar, according to ICAP, the steepest daily gain since January 2009. The currency hit fresh record lows in the first hours of the Moscow session, with the ruble's decline fueling concern about Russia's economy.

The World Bank last month said Russia was "on the edge of recession" and cut its forecast for

its economy over the next two years, saying growth will stagnate amid a lack of structural changes and a decline in confidence over Russia's role in the Ukraine conflict. Increasing tensions with the West could push Russia's economy into a long downturn, the World Bank said.

Thursday's rally may have been sparked by a large wave of foreign exchange trading, which may have depended on a more aggressive strategy for defending its currency, analysts at Capital Economics wrote in a research note. "It's not quite clear what lies behind this movement, but the most obvious explanation is that some traders have intervened heavily on the foreign-exchange market," it said.

Investors who had bet against the ruble were likely forced to reverse their trades and buy back the currency, driving prices up further, said Mr. Grishanov, head of financial markets at Russian bank Promsvyazbank.

"The incredible volatility...is a consequence of the fact that the market was too involved in betting on the ruble's weakness," Mr. Grishanov said.

The central bank is committed to allowing the ruble to trade freely against major currencies next year, although some concern that the move could come even earlier. It will retain the right to intervene if it sees risks to financial stability.

The Bank of Russia declined to comment, citing a policy of remaining quiet for a week ahead of key meetings.

The gloomy economic climate and falling ruble have driven capital out of the country, with Russia's economic ministry projecting a much larger \$20 billion in outflows this year.

Mr. Grishanov of UBS said he is advising clients to avoid the ruble, believing it will fall further.

"The ruble is poised to stay volatile," said Eric Fine, a portfolio manager at Van Eck Global, which owns the iShares MSCI Russia Fund. "Whether it goes stronger or weaker, I wouldn't own any Russian assets, not because they're not valuable, but the sanctions make it way too risky. The upside is not worth that downside." He says he exited from his position in Russian assets last December.

—Nicole Hong
contributed to this article.

Glitch Gives Stocks an Extra Boost

Continued from page C1

choppy trading as traders scrambled to sort through a backlog of client orders before the close.

The Dow Jones Industrial Average rose 221.11 points, or 1.3%, to 17,158.65, bringing the 30-stock average within 1% of its record set in September. The index is now up 0.9% for a month that began with declines culminating in a 46-point intraday drop on Oct. 15. Sentiment has been reversed by steadier oil prices following a sharp decline and upbeat earnings from companies and economic data, traders said.

The S&P 500 index gained 12.35 points, or 0.9%, to 1,494.65, while the Nasdaq Composite Index tacked 1.61 points, or 0.4%, to 4,566.14.

Traders pointed to a spike in volume and unusual price moves across the stock market, including E-mini S&P 500 contracts, shares of Canadian Pacific Railway and in the iShares Russell 2000 exchange-traded fund.

Some traders said there was a rush to buy stocks, including short positions elsewhere that were affected by the technology glitch.

"Of one market goes down and you want to get flat...you can hedge yourself," said Marc Nemennoff, a senior broker at Price Futures Group in Chicago.

The initial signs of trouble re-emerged on Oct. 29, when the S&P 500 index fell 1.3% in the final minutes of trading, when an SIP problem shut down the Nasdaq for hours.

"Any time we see a situation like that, the first instinct is to look at your open orders and make sure you can cancel those," said Ryan Goss, head of U.S. equity trading for BGC Global Management in Chicago. The firm was among those canceling orders to buy or sell stocks during the most-recent outage.

Regulators said they would



The outage forced the Big Board to conduct trading from Chicago.

Visa rallied \$21.99, or 10%, to \$236.65. It contributed 141 points to the S&P 500, after reporting fourth-quarter earnings that topped expectations, and announcing a \$5 billion share buyback program.

MasterCard also rallied, rising 7.14, or 9.4%, to \$83.13 after its latest quarterly results topped expectations. Atmel late Wednesday, Atmel's fourth-quarter results would be weaker than expected, and investors cut their earnings forecasts for its earnings. Atmel lost 28 cents, or 3.9%, to \$7.46 and Intersil slid 1.48, or 11%, to 12.60.

The Commerce Department said gross domestic product rose at an annual rate of 3.5% in the third quarter, above forecasts for 3.3%.

Europe confidence picked up in October, as the European Commission's economic-sentiment indicator rose to 100.7 from 99.9 in September, beating expectations. But consumer-price inflation in Germany slowed more than expected in October, to 1.0%.

Treasury yields rose. The Treasury yield on a 10-year note, which originally was 2.61% on Feb. 6, is now 2.76%.

Treasury yields rose. The yield on the benchmark 10-year Treasury note fell to 2.305% from 2.325%.

Regulators said they would

stock Hong Kong's Hang Seng Index was up 0.9%, Australia's S&P/ASX 200 was up 0.7% and South Korea's Kospi was up 0.6%.

—Scott Patterson
and Caren Dreyfuss
contributed to this article

Treasury Auctions

The Treasury will auction \$30 billion in new debt and reopen \$20 billion in previously auctioned securities.

Details of the offerings (all with minimum denominations of \$100):

♦ Monday: \$30 billion in 10-year notes due Nov. 6, 2014, and maturing May 7, 2025. The Cusip number is 912796F1. Noncompetitive bidders must be received by 11 a.m. Eastern time and competitive bidders by 11:30.

Also Monday: The Treasury will auction a previously auctioned \$20 billion in 13-week bills. The Cusip number is 912796DGL. Noncompetitive tenders must be received by 11 a.m. and competitive tenders by 11:30.

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Pimco Backs Out of State Street

By KATY BURNE

Pacific Investment Management Co. in the past month pulled all its futures-clearing business from a unit of State Street Corp. after State Street asked Pimco to remove some people, said people familiar with the matter.

The spat occurred as Pimco was grappling with the departure of legendary bond investor Bill Gross and the billions of dollars of assets that followed him out the door, the people said. It wasn't clear if State Street's request was prompted by his exit.

The shift affects a brokerage division within State Street Global Markets LLC, which takes fees to handle derivatives trades for financial institutions and asset managers in a process known as clearing.

Pimco's withdrawal has led to an internal examination of State Street's futures brokerage business, said one person familiar with the matter. Pimco had planned to move its futures-clearing accounts with State Street, but those plans have been put on hold, the people familiar with the matter said.

Some executives at State Street last year started damage to the firm's broad relationship with Pimco, according to a person familiar with the matter. By the end of November, Mr. Gross had managed since its inception in 1987, had lost \$235 billion. Figures for October have yet to be released.

Pimco's relationship with State Street extends beyond the clearing account and the frictions could have larger ramifications for the firm.

State Street specializes in administering assets for investment managers and other financial institutions. It had \$275 billion in total assets as of Sept. 30, with about \$100 billion in customer and administration fees for its clients and \$2.4 trillion overseen at its asset-management arm.

Its work spans almost every facet of Wall Street's business,

Street's primary regulator, which led the bank to be particularly cautious regarding risk, said people familiar with the firm.

A person familiar with State Street said it made the demand that Pimco as a result of internal discussions and conversations with regulators.

"We are not going to comment on rumor and speculation," a State Street spokeswoman said. "Pimco remained a valued client of State Street."

Pimco didn't come in the wake of investor outflows and poor performance at its flagship Total Return fund in the year leading up to co-founder Mr. Gross's departure.

Mr. Gross left Sept. 26 to join Corvus Capital Management. By the end of the month the Total Return fund had lost \$235 billion. Figures for October have yet to be released.

Pimco's relationship with State Street extends beyond the clearing account and the frictions could have larger ramifications for the firm.

State Street specializes in administering assets for investment managers and other financial institutions. It had \$275 billion in total assets as of Sept. 30, with about \$100 billion in customer and administration fees for its clients and \$2.4 trillion overseen at its asset-management arm.

It's work spans almost every facet of Wall Street's business, from custody services and securities lending to trading technology and clearing. In the third quarter, its fees from asset servicing and asset management were up 9% from the year-earlier period.

Clearing businesses such as State Street's Managed Markets are commonly referred to as futures commission merchants, or FCMs, and are regulated by the Commodity Futures Trading Commission.

The FCMs at State Street Global Markets are built by industry standards, having about \$873 million in segregated customer assets as of the last CFTC estimate in August. In disclosures relating to CFTC rules for FCMs, State Street this year conceded it had "material client exposures."

"A significant portion of the FCMs at State Street Global Markets LLC are concentrated with a small number of customer accounts, which creates a degree of concentration risk," it said. "This could result in a significant adverse event outcome."

State Street said as of May 31, the unit carried more than 400 customer accounts for futures and cleared swaps. More than half of the margin it held in customer accounts for cleared swaps was "attributable to a single customer," it said.

Pimco has yet to name a successor to provide a range of services in the past several years, including custody, accounting, valuation and investment-management operations.



Ruble Leaps as Investors Await Rates Move

Some Traders Suspect Bank of Russia Intervened to Trigger the Abrupt Move Ahead of Policy Meeting's Decision Friday

By ANDREY OSTROUKH

AND IRA LOSSEASHVILI

MOSCOW—Russia's battered ruble rallied to its biggest one-day gain against the U.S. dollar in nearly six years, on expectations the country's central bank is likely to take strong measures to shore up the currency.

Driving the rally was the belief that the Bank of Russia will announce steps at a policy meeting Friday.

Some analysts also believe the central bank staged a huge intervention on Thursday in a bid to protect the currency, which has fallen 25% against the U.S. dollar so far this year, from further weakness.

The combination of falling oil

prices and the impact of Western sanctions has contributed to an economic slowdown in Russia, pushing demand for such basic-denominated assets as stocks and bonds. Russian companies' dollar purchases ahead of end-of-year debt repayments have also weighed on the ruble.

Russia's central bank has been intervening almost daily this month, buying more than \$20 billion since early October. But with the price of oil, Russia's chief export, down more than 20% since the start of 2014, the bank so far has been unable to stop the currency's slide. The ruble has lost 5% against the dollar in October. That is why some analysts believe Bank of Russia likely is preparing more drastic measures.

"There are growing expectations that the central bank will take some major action," said Jordon Rieger, an emerging markets chief investment officer at UBS Wealth Management, which oversees about \$1 trillion. Mr. Rieger said he anticipates an interest-rate increase on Friday—by as much as 1.00 percentage point from the current 8%—late on Friday, trading up to 415 rubles per dollar, according to ICAP, the steepest daily gain since January 2009. The currency hit fresh record lows in the first hours of the Moscow session, pressured by persistent concerns about Russia's economy.

Bank of America Merrill Lynch said Russia was "on the edge of recession" and cut its forecast for

its economy over the next two years, saying growth will stall amid a lack of structural changes and Western sanctions on oil and gas exports to the U.S. and the U.K. Central bank, increasing tensions with the West could push Russia's economy into a long downturn, the World Bank said.

Thursday's rally has been sparked by a large wave of retail buying by the central bank, which has switched to a more aggressive strategy for defending its currency, analysts at Capital Economics wrote in a research note. "It's not quite clear what lies behind this movement, but the most obvious explanation is that policy makers have intervened heavily on the foreign-exchange market," it said.

Investors who had bet against

the ruble were likely forced to reverse their trades and buy back the currency, driving prices up further, said Kirill Grishanov, head of emerging markets at Russia's state bank, Promsvyazbank.

"The incredible volatility...is a consequence of the fact that the market was too involved in betting on the ruble's weakness," Mr. Grishanov said.

The central bank is considered to be the last to trade freely against major currencies next year, although some speculate that the move could come even earlier. It will retain the right to intervene if it sees risks to financial stability.

The Bank of Russia declined to comment, citing a policy of remaining quiet for a week ahead of key meetings.

The gloomy economic climate and falling ruble have driven capital out of the country, with Russia's economic ministry projecting outflows of \$120 billion in the year to come.

Mr. Marcial of UBS said he is advising clients to avoid the ruble, believing it will fall further.

"The ruble is poised to stay volatile," said Eric Fine, a portfolio manager at Van Eck Global, "Whether it gets stronger or weaker, I wouldn't own any Russian assets, not because they're not valuable, but the sanctions make it too risky. The upside is not worth that downside." He says he exited from his position in Russian assets last December. —Nicole Hong contributed to this article.

Glitch Gives Stocks an Extra Boost

Continued from page C1
cheaply trading as traders scrambled to sort through a backlog of client orders before the close.

The Dow Jones Industrial Average rose 221.11 points, or 1.3%, to 17195.42, bringing the 30-stock index within 0.5% of its record closing level. The Nasdaq index is now up 0.9% for a month, having begun with declines culminating in a 460-point intraday drop on Oct. 15. Sentiment has been reversed by steadier oil prices following a sharp decline earlier this year, corporate earnings and economic trading data.

The S&P 500 index gained 12.35 points, or 0.6%, to 1904.65, while the Nasdaq Composite index tacked on 16.91 points, or 0.4%, to 4566.14.

Traders pointed to a spike in volume and unusual price moves across the market as a result of E-Trade's partial S&P 500 contracts, shares of Canadian Pacific Railway and in the iShares Russell 2000 exchange-traded fund.

Some traders said there was a rush of buying in futures to protect positions elsewhere that were affected by the software glitch.

"If one market goes down and you want to get flat...you can hedge yourself," said Marc Nemeth, a senior broker at Price Futures Group in Chicago.

The initial signs of trouble reminded some traders of August 2013, when an S&P problem shut down the Nasdaq exchange.

"Any time we see a situation like that, the first instinct is to look at your open orders and make sure you can cancel those," said Ryan Larson, head of U.S. equity trading for RBC Global Asset Management in New York. The firm was among those canceling orders to buy or sell stocks during the most recent outage.

Regulators said they would look into the outage.

"As is our practice, we are in

communication with the markets

to monitor and assess the situation," a Securities and Exchange Commission spokesman said.



The outage forced the Big Board to conduct trading from Chicago.

Visa rallied \$1.99, or 10%, to \$236.65, to the Dow's gain, after reporting fiscal fourth-quarter earnings that beat expectations, and announcing a \$5 billion share-buyback program.

MasterCard also rallied, rising 714, or 9.4%, to 8313 after its latest quarterly results topped analysts' expectations. MasterCard isn't a Dow component, but its technology stocks trailed.

Intertel shed 44%, after a pair of disappointing reports from chip makers. Late Wednesday, Atmel said its fourth-quarter results would be weaker than expected, and Intertel Corp. missed Wall Street's earnings forecast by 10 cents per share. Both stocks fell 29 cents, or 3.9%, to 695 and Intertel slid 1.4%, or 11%, to 12.60.

The Commerce Department said gross domestic product rose at an annual rate of 3.5% in the third quarter, above forecasts for 3.1%. The Commerce Department said there was a situation like that, the first instinct is to look at your open orders and make sure you can cancel those," said Ryan Larson, head of U.S. equity trading for RBC Global Asset Management in New York. The firm was among those canceling orders to buy or sell stocks during the most recent outage.

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stocks. Hong Kong's Hang Seng index was up 0.9%, Australia's S&P/ASX 200 was up 0.7% and South Korea's Kospi was up 0.4%, to 4566.14.

—Scott Patterson and Corrie Driebusch contributed to this article.

Treasury Auctions

The Treasury will auction \$30 billion in new debt and \$24 billion in previously auctioned securities.

Details of the offerings (all with minimum denominations of \$100):

♦ Monday: \$30 billion in 26-week bills will be sold, starting Nov. 3, at 1.04%, maturing May 7, 2015. The Customer number is 912796F11. Noncompetitive tenders must be received by 11 a.m. Eastern time and competitive tenders by 11:30.

Also Monday, the Treasury will reopen a previous offering originally issued Feb. 6, 2014. It is a \$24 billion in 13-week bills, maturing Nov. 10, 2014. The Customer number is 912796D11. Noncompetitive tenders must be received by 11 a.m. and competitive tenders by 11:30.

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—Kathy Kranck contributed to this article.

AUCTION RESULTS
Here are the results of the Treasury auction of 7-year notes. The notes are sold at a longer price than face value. The difference between that price and face value is the yield. The yield is the interest rate paid on the note.

Face value: \$100,000 minimum bid.

Accepted bids: \$100,000,000,100.

Accepted noncompetitive bids: \$100,000,000,000.

Auction date (rate): 9/30/2014 90.80000000000000%.

Rate at market-clearing bid accepted: 9.02%.

Issue date is dated Oct. 31, 2014. The 7-year note matures Oct. 31, 2021.

Pimco Backs Out of State Street

By KATIE BURKE

Pacific Investment Management Co. in the past month pulled all its futures-clearing business from a unit of State Street Corp. after a month-long review to reduce some positions, said people familiar with the matter.

The spat occurred as Pimco was grappling with the departure of legendary bond investor Bill Gross and the billions of dollars of investor cash that followed him out of the firm. It's not clear if it was clear if State Street's request was prompted by his exit.

The shift affects a brokerage division within State Street Global Markets LLC, which takes fees to handle derivatives trades for financial institutions and asset managers in a process known as clearing.

Pimco's withdrawal has led to an internal examination of State Street's futures brokerage business, said one person familiar with the matter. Pimco had planned to open several new futures-clearing units in 2014 at State Street, but those plans have been put on hold, the person said.

Some executives at State Street fear lasting damage to the firm's broad relationship with Pimco, a giant client. Pimco has been a major customer of State Street, but those plans have been put on hold, the person said. Some executives at State Street fear lasting damage to the firm's broad relationship with Pimco, a giant client. Pimco has been a major customer of State Street, but those plans have been put on hold, the person said.

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—Kathy Kranck contributed to this article.

Street's primary regulator, which led the bank to be especially cautious regarding risk, said people familiar with the firm.

A person familiar with State Street said it made the demands on Pimco as a result of internal discussions and conversations with regulators.

"We are not going to comment on rumor and speculation," a State Street spokeswoman said. "Pimco remains a valued client of State Street."

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Pimco's relationship with State Street extends beyond the clearing unit and the frictions could have larger ramifications for the firm.

State Street specializes in administering assets for investment managers and other financial institutions. It had \$275 billion in total assets as of Sept. 30, 2013, and it has been a major customer of Pimco's asset management arm, said one of those people.

Some executives at Pimco believe the State Street action was driven at least in part by recent discussions with the Federal Reserve Bank of Boston, State

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Stocks in the News

Below, newsmaking stocks' 4 p.m. closing share prices. The three-month charts show percentage changes in a stock's price in relative terms (logarithmic scale), but are labeled in price.

The Good News...

V

\$236.65

▲ \$21.99, or 10.24%

The credit-card company posted earnings above Wall Street estimates.

It lifted its outlook for the year based on strong sales of some recently released videogames.

Take-Two Interactive

\$25.27

▲ \$2.47, or 10.83%

It raised its guidance for the year based on strong sales of some recently released videogames.

Cigna

\$97.10

▲ \$3.10, or 3.30%

The health insurer raised its guidance for the year based on strong sales of some recently released videogames.

...And the Bad News

CI

\$106.65

▼ \$3.36, or 3.05%

The apparel company's profit fell on acquisition-related expenses that offset increased sales.

Weight Watchers

\$25.56

▼ \$3.86, or 13.12%

Third-quarter profit fell 37% as the company continued to lose members.

WTW

\$56.16

▼ \$0.75, or 1.32%

The packaged-food maker's third-quarter earnings dropped 11% amid higher commodity costs.

Kraft Foods

KRFT

\$60

▼ \$0.75, or 1.25%

The packaged-food maker's third-quarter earnings dropped 11% amid higher commodity costs.

It lifted its outlook for the year based on strong sales of some recently released videogames.

Hanesbrands

\$100.29

▼ \$3.26, or 3.05%

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HBI

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▼ \$2.00, or 1.57%

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It

MARKETS DASHBOARD

WSJMarkets.com

Stocks | WSJ.com/stocks

Dow Jones Industrial Average

17195.42 ▲ 221.11, or 1.30%
 High, low, open and close for each
 trading day of the past three
 months.

Trailing P/E ratio 16.20 15.97
 P/E estimate ^o 14.92 14.65
 Dividend yield 2.23 2.11
 Current divisor 0.15571590501177

Last Year ago

All-time high: 17279.74, September 19, 2014



1994.65 ▲ 12.35, or 0.62%

High, low, open and close for each
 trading day of the past three
 months.

Trailing P/E ratio 18.43 18.63
 P/E estimate ^o 16.25 15.85
 Dividend yield 2.01 2.02

Last Year ago

All-time high: 2011.36, September 18, 2014



Major U.S. Stock-Market Indexes

	LASTEST			52-WEEK RANGE			YTD CHG		
	High	Low	Close	Net dg	1-ydg	YTD	3-yrs. ann.	High	Low
Dow Jones									
Industrial Average	17222.96	16920.70	17195.42	221.11	1.30%	▲ 1.30%	12.35	18.43	18.63
Transportation Avg	8708.13	8575-05	8613.13	83.83	-0.96%	▼ 0.96%	-12.35	18.75	18.63
Utility Average	596.85	584.37	596.41	12.24	2.1%	▲ 2.1%	19.8	19.6	19.8
Total Stock Market	20793.42	20535.74	20746.70	124.79	0.64%	▲ 0.64%	15.9	20.68	20.29
Barron's 400	530.15	522.90	528.43	1.96	0.37%	▲ 0.37%	15.9	545.89	476.58
Nasdaq Stock Market									
Nasdaq Composite	4575.70	4521.79	4566.14	16.91	0.37%	▲ 0.37%	16.91	4598.19	3857.33
Nasdaq 100	4109.06	4064.45	4100.64	10.08	0.25%	▲ 0.25%	14.25	4106.63	3321.41
Standard & Poor's									
500 Index	1999.40	1971.74	1996.55	12.35	0.62%	▲ 0.62%	12.35	2011.36	1741.89
Mid-Cap 400	1404.45	1388.46	1401.67	3.94	0.28%	▲ 0.28%	14.65	1265.61	873.74
SmallCap 600	670.45	660.44	668.48	4.90	0.74%	▲ 0.74%	16.9	692.54	609.39
Other Indexes									
Russell 2000	11519.90	11515.91	11557.77	9.40	0.82%	▲ 0.82%	9.40	1208.65	1049.30
NYSE Composite	10739.49	10605.90	10712.19	65.53	0.62%	▲ 0.62%	65.53	11104.72	9741.58
Value Line	488.43	482.12	487.12	2.38	0.49%	▲ 0.49%	2.38	510.96	449.45
NYSE Arca Btch	3355.18	3278.95	3346.67	55.49	1.24%	▲ 1.24%	55.49	3348.67	2052.02
NYSE Arca Pharma	528.14	518.51	521.10	12.60	0.25%	▲ 0.25%	12.60	539.71	471.11
KSWB Bank	71.53	70.63	71.19	0.17	0.73%	▲ 0.73%	0.17	73.64	70.98
PHLX® Gold/Silver	72.33	67.83	67.97	-4.75	-0.47%	▼ -0.47%	-4.75	106.20	67.97
PHLX® Oil Service	246.12	240.65	244.95	-0.47	-0.16%	▼ -0.16%	-0.47	311.02	232.93
PHLX® Semiconductor	622.08	608.73	616.96	-7.23	-1.16%	▼ -1.16%	-7.23	657.36	209.25
CBQE Volatility	15.75	14.07	14.52	-0.63	-0.41%	▼ -0.41%	-0.63	26.25	10.32

\$ per share/stock exchange

Late Trading

Most active and biggest movers among NYSE, NYSE Arca, NYSE Mkt and Nasdaq issues from 4 PM to 6:30 PM. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume	LAST SESSION	High	Low	Chg	Chg %	After Hours	High	Low	Chg	Chg %
Mkt Vectors Gold Miners	GOX	12,663	18,424	20.24	20.04	0.22	1.1%	19,72	18,31	1.34	0.7%	0.33
iShares Russell 2000	IWM	10,923	11,240	11.40	11.00	0.30	2.7%	11,07	10,70	1.10	1.0%	0.33
Mkt Vctrs R. Gold Minets	GOXJ	13,663	26.30	26.26	26.20	0.76	2.9%	26.30	25.15	1.17	0.4%	0.43
ProInc.	GR02	10,303	75.71	75.26	75.10	0.64	0.8%	77.00	66.35	1.18	1.5%	0.54
GroupOne	GRPN	8,823	6.24	6.25	6.17	0.17	2.6%	6.30	5.34	0.54	0.8%	0.47
SPDR S&P 500	SPY	2,562,190	199.25	-0.30	-0.27	-0.07	-0.3%	20,227	17,372	4,872	6,710	1.54

NYSE Mkt

NYSE Arca

NYSE Mkt

Nasdaq

Major U.S. Stock-Market Indexes										May June July Aug. Sept. Oct.										May June July Aug. Sept. Oct.												
July		Aug.		Sept.		Oct.		July		Aug.		Sept.		Oct.		July		Aug.		Sept.		Oct.		July		Aug.		Sept.		Oct.		
Dow Jones	High	Low	Latest	Close	Net chg	% chg	High	Low	52-WEEK RANGE	Close	High	Low	52-WEEK	YTD	3-Yr avg	High	Low	52-WEEK RANGE	Close	High	Low	52-WEEK	YTD	3-Yr avg	High	Low	52-WEEK RANGE	Close	High	Low		
Industrial Average	17223.76	16920.76	17195.42	2211.11	1.30	1.20	17279.74	15727.80	106.4	3.7	12.0	17279.74	15727.80	106.4	3.7	12.0	17279.74	15727.80	106.4	3.7	12.0	17279.74	15727.80	106.4	3.7	12.0	17279.74	15727.80	106.4	3.7	12.0	
Transportation Avg	8078.13	8175.50	8611.31	83.83	-0.96	-0.96	8759.30	6940.83	23.7	16.6	19.9	8759.30	6940.83	23.7	16.6	19.9	8759.30	6940.83	23.7	16.6	19.9	8759.30	6940.83	23.7	16.6	19.9	8759.30	6940.83	23.7	16.6	19.9	
Utility Average	596.85	584.70	596.41	12.24	0.20	0.20	596.41	477.81	21.3	9.6	21.5	596.41	477.81	21.3	9.6	21.5	596.41	477.81	21.3	9.6	21.5	596.41	477.81	21.3	9.6	21.5	596.41	477.81	21.3	9.6	21.5	
Total Stock Market	20934.2	20555.4	20746.78	124.70	0.61	0.61	20629.48	18302.59	12.4	6.9	15.9	20629.48	18302.59	12.4	6.9	15.9	20629.48	18302.59	12.4	6.9	15.9	20629.48	18302.59	12.4	6.9	15.9	20629.48	18302.59	12.4	6.9	15.9	
Barron's 400	530.15	522.90	528.43	1.56	0.37	0.37	545.89	476.58	9.0	3.1	12.1	545.89	476.58	9.0	3.1	12.1	545.89	476.58	9.0	3.1	12.1	545.89	476.58	9.0	3.1	12.1	545.89	476.58	9.0	3.1	12.1	
Nasdaq Stock Market	Nasdaq Composite	4579.50	4521.79	4566.14	16.91	0.57	0.57	4599.19	3867.33	14.5	9.3	18.6	4599.19	3867.33	14.5	9.3	18.6	4599.19	3867.33	14.5	9.3	18.6	4599.19	3867.33	14.5	9.3	18.6	4599.19	3867.33	14.5	9.3	18.6
Nasdaq 100	4106.44	4064.45	4100.64	10.48	0.25	0.25	4106.63	3321.41	21.4	14.2	19.5	4106.63	3321.41	21.4	14.2	19.5	4106.63	3321.41	21.4	14.2	19.5	4106.63	3321.41	21.4	14.2	19.5	4106.63	3321.41	21.4	14.2	19.5	
Standard & Poor's	S&P 500 Index	1999.40	1974.75	1994.65	12.35	0.62	0.62	2011.36	1741.89	13.6	7.9	15.8	2011.36	1741.89	13.6	7.9	15.8	2011.36	1741.89	13.6	7.9	15.8	2011.36	1741.89	13.6	7.9	15.8	2011.36	1741.89	13.6	7.9	15.8
S&P 500	1440.88	1434.58	1401.67	3.94	0.28	0.28	1445.16	1265.61	8.7	4.4	15.5	1445.16	1265.61	8.7	4.4	15.5	1445.16	1265.61	8.7	4.4	15.5	1445.16	1265.61	8.7	4.4	15.5	1445.16	1265.61	8.7	4.4	15.5	
Small-Cap 400	670.45	660.44	668.48	1.40	0.74	0.74	692.54	609.39	6.2	0.6	14.9	692.54	609.39	6.2	0.6	14.9	692.54	609.39	6.2	0.6	14.9	692.54	609.39	6.2	0.6	14.9	692.54	609.39	6.2	0.6	14.9	
Other Indexes	Russell 2000	1195.19	1140.51	1155.77	9.40	0.82	0.82	1208.65	1049.30	5.3	-0.7	14.9	1208.65	1049.30	5.3	-0.7	14.9	1208.65	1049.30	5.3	-0.7	14.9	1208.65	1049.30	5.3	-0.7	14.9	1208.65	1049.30	5.3	-0.7	14.9
NYSE Composite	10729.49	10655.40	10712.10	65.53	0.42	0.42	1110.72	9745.81	7.0	3.0	11.1	1110.72	9745.81	7.0	3.0	11.1	1110.72	9745.81	7.0	3.0	11.1	1110.72	9745.81	7.0	3.0	11.1	1110.72	9745.81	7.0	3.0	11.1	
Value Line	486.43	482.12	487.32	1.28	0.49	0.49	511.96	449.45	4.5	-0.4	11.9	511.96	449.45	4.5	-0.4	11.9	511.96	449.45	4.5	-0.4	11.9	511.96	449.45	4.5	-0.4	11.9	511.96	449.45	4.5	-0.4	11.9	
NYSE Arca Blatch	1865.45	1862.90	1864.78	1.20	0.16	0.16	1877.24	1624.80	2.6	1.6	4.0	1877.24	1624.80	2.6	1.6	4.0	1877.24	1624.80	2.6	1.6	4.0	1877.24	1624.80	2.6	1.6	4.0	1877.24	1624.80	2.6	1.6	4.0	
NYSE Arca Pharma	528.11	518.10	522.10	6.60	0.25	0.25	537.91	447.11	18.1	12.8	17.6	537.91	447.11	18.1	12.8	17.6	537.91	447.11	18.1	12.8	17.6	537.91	447.11	18.1	12.8	17.6	537.91	447.11	18.1	12.8	17.6	
KWB Bank	715.3	703.70	719.19	0.17	0.24	0.24	739.96	674.78	10.9	2.8	19.4	739.96	674.78	10.9	2.8	19.4	739.96	674.78	10.9	2.8	19.4	739.96	674.78	10.9	2.8	19.4	739.96	674.78	10.9	2.8	19.4	
PHLX\$ Gold/Silver	72.33	67.85	67.97	-0.42	-0.75	-0.75	106.20	67.97	28.5	-19.2	-31.1	106.20	67.97	28.5	-19.2	-31.1	106.20	67.97	28.5	-19.2	-31.1	106.20	67.97	28.5	-19.2	-31.1	106.20	67.97	28.5	-19.2	-31.1	
PHLX\$ Oil Service	246.12	240.05	244.95	-0.47	-0.19	-0.19	311.02	232.93	23.9	-12.8	-0.4	311.02	232.93	23.9	-12.8	-0.4	311.02	232.93	23.9	-12.8	-0.4	311.02	232.93	23.9	-12.8	-0.4	311.02	232.93	23.9	-12.8	-0.4	
PHLX\$ Semiconductor	622.08	608.73	616.98	1.23	-1.14	-1.14	657.34	495.20	21.7	15.3	15.9	657.34	495.20	21.7	15.3	15.9	657.34	495.20	21.7	15.3	15.9	657.34	495.20	21.7	15.3	15.9	657.34	495.20	21.7	15.3	15.9	
CBOE Volatility	15.75	14.07	14.52	-0.63	-0.46	-0.46	26.25	10.32	5.6	5.6	16.0	26.25	10.32	5.6	5.6	16.0	26.25	10.32	5.6	5.6	16.0	26.25	10.32	5.6	5.6	16.0	26.25	10.32	5.6	5.6	16.0	
Sources: S&P Financial Information; WSJ Market Data Group																																
Sources: S&P Financial Information; WSJ Market Data Group																																

Major U.S. Stock-Market Indexes										Late Trading										Trading Diary									
Volume					Advancers, Decliners					NYSE					Nasdaq					NYSE					Nasdaq				
High	Low	Close	Net chg	% chg	High	Low	Close	Net chg	% chg	High	Low	Close	Net chg	% chg	High	Low	Close	Net chg	% chg	High	Low	Close	Net chg	% chg	High	Low	Close	Net chg	% chg
1000	900	1000	100	0.0%	1000	900	1000	100	0.0%	1000	900	1000	100	0.0%	1000	900	1000	100	0.0%	1000	900	1000	100	0.0%	1000	900	1000	100	0.0%
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FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

A Private Party for Economy

Viewed through the prism of gross domestic product, the U.S. economy looked better in the third quarter than its underlying performance really was. The economy's winter could be just the opposite.

GDP grew at a robust 3.5% inflation-adjusted annual rate in the third quarter, the Commerce Department reported Thursday, better than the 3.1% forecast by economists. But that unexpected performance was due to a 16.2% jump in military spending that probably will reverse in the current quarter. A narrowing trade gap also provided a boost that probably won't be repeated.

To exclude the effects of swelling in government funding, trade and business inventories, some economists keep track of private domestic final purchases. This measures combined household and business spending. Forecasting firm Macroeconomics Advisors' calculation of this gauge of private spending grew at a 2.3% annual rate in the third quarter—substantially weaker than GDP.

In the fourth quarter, private spending should do better. With the job market showing signs of acceleration and gas prices falling, consumer spending will likely pick up. Residential investment—money spent on new homes and other housing-related items—looks likely to improve after a soft third quarter. With the economy's head winds pained with a willow, it's likely that business spending should stay firm. Macroeconomic Advisors forecasts that GDP growth will slow to 2.4%, but that private spending will grow by 2.2%.

For the moment, while GDP looks poised to slow in this quarter, that mask an economy that actually is getting stronger. Investors focused too much on where the headline number is heading, risk ending up wondering what they missed.

—Justin Lahart | wsj.com reassured investors

HEARD ON THE STREET

Oil Unbalances the Majors' Budgets

All together now—and squeeze, just as Europe's oil majors were getting close to covering their operating and dividends with operating cash flow, along comes a slump in the oil price.

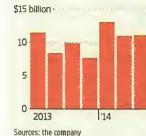
Only about one-third of oil's tumble to \$85 a barrel from over \$110 in June was reflected in the oil majors' results. The average Brent price in the third quarter was down \$100 a barrel, compared with about \$88 for October.

Barring a quick recovery in prices, however, companies by year-end will again need to show they can tighten their belts. Royal Dutch Shell's annualizing its solid first nine months of this year, operating cash flow of about \$47 billion would cover \$35 billion in investment as well as payouts to shareholders.

But the fourth quarter tends to be weaker due to tax payments. And each \$10 drop in oil cuts about \$3 billion off Shell's yearly operating

Cashing Up

Royal Dutch Shell cash flow from operations, after movements in working capital



Sources: the company, The Wall Street Journal

cash flow. That suggests another \$2 billion hit at least this quarter if oil holds here.

Downstream businesses, which boosted third-quarter results, may not make up for the hit. Royal Dutch's oil assets, especially in an oversupplied market, are relying on asset sales to bridge shortfalls. Shell's net debt to total capital is about 12%, with BP at 15%



and France's Total at about 21%. Most majors assume an oil price of \$70 or \$80 when assessing their budgets.

But based on the past year, investors will reward firms that pledge to cut investment and costs further. That should be possible. BP has spent more slowly than intended this year, with capital expenditure set to total \$35 billion to \$32 billion over the long term. Total's new chief executive is asking his team to seek further savings. Total also has more room to trim, in that past investment and project startups already should help cash flows in the coming years.

Major oil companies are already pledging to work suppliers harder, aiming to time the contracting of rigs and other equipment for new projects to take advantage of a falling market. That is good news for investors looking at a high-risk oil market for volatility, but not so much for the beleaguered oil-services sector.

—Helen Thomas

OVERHEARD

Who needs hard targets when you can just confusingly reinterpret them? Chinese oil majors are doing well, so taking this approach. Cnooc has for a while held on to its ambitious goal of raising output by 6% to 10% every year on average between 2011 and 2015. That excluded the impact of its \$15 billion takeover of Canada's Nexen. Now, Cnooc and CNOOC on Wednesday that the target included. Nexen analysts were confused—and divided. Jefferies considered this an about-face and downgraded the stock. Macquarie said the market always suspected Nexen was included, so Cnooc's move was not surprising. Barclays, meanwhile, argued that Cnooc still was aiming for the lower end of the 6%-to-10% range by itself, and the upper end with Nexen.

As for investors, they weren't confused: They pushed Cnooc's Hong Kong share price 1.7% Thursday when the Hang Seng Index lost merely 0.5%.

Charging Ahead With Visa and MasterCard

Despite hopes of many retailers and self-styled disruptors in Silicon Valley, MasterCard and Visa don't look to be on the wrong side of history.

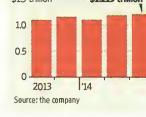
Shares of the credit-card behemoths have been up after both reported stronger-than-expected third-quarter results. At the same time, China made the unexpected announcement that it would allow foreign companies to have a greater presence in electronic payment systems.

Visa reported an 11% increase in payments volume from a year earlier, including 8% growth in U.S. transactions. MasterCard posted a 12% gain in so-called gross-dollar volume. Total U.S. card volume grew at a 3.5% rate. This suggests a growing part of rising consumer spending is happening over the companies' payment networks.

Perhaps more important, Visa also reassured investors

Swipe Right

Visa quarterly payment volume



Sources: the company

with optimistic guidance for 2015, saying it expects per-share earnings growth in the midteens and revenue growth in the low double digits. That appears to have calmed fears about the company's long-term growth outside of the U.S.

It is the longer-term prospects for both companies that really deserve attention. Although Visa and MasterCard are typically described as "credit-card companies," their core business is really payment

processing. Their results in the future will turn on how they fare as consumer purchases move into the digital realms.

That is where Apple Pay helps. The new digital-payment system, which uses mobile payment systems, so transactions get processed over networks that generate revenue for MasterCard, Visa and American Express. It also could influence others seeking to "disrupt" the payment environment.

But this will likely undercut efforts by merchants to cut into the business of MasterCard and Visa with an alternative platform called CurrentC, which end-runs the card companies. That platform isn't expected to launch for another year, giving Apple Pay a distinct advantage.

Just as an apple a day is said to keep the doctor away, Apple Pay may keep disruption away from MasterCard and Visa.

—John Carney

The thunder grows louder the closer you are to the lighting. In that sense, Citigroup's surprise cut to quarter-higher-than-expected legal expenses, coupled with a massive write-down at Deutsche Bank, USAA and Barrclays this week, suggests a storm is about to break.

Citi said Thursday it was reducing its reported profit due to a \$600 million increase in legal charges, bringing such expenses to \$2.84 billion. The profit cut net to income to \$2.84 billion, taking return on equity down to 5.3% from 6.5%.

Citi reported the change due to "very recent communications with certain regulatory agencies" that led to an update in information about an investigation or settlement between its Oct. 14 results and Thursday. When new developments occur after a quarter's close, but before a company has made its quarterly securities filing, it must usually refile that in results for the period just ended.

While the adjustment is an unwelcome surprise, and may reinforce worries about Citi's controls, assessing litigation reserves is an art, not a science. And settlements talks can move quickly, while regulatory stances can shift unexpectedly. So, for investors, the initial shock should fade. The question that will remain, though, is just how much legal risk Citi can take on before it never action merges. That is especially a concern as Citi was later than some peers in building big litigation reserves. Now, it risks being seen as having to race to catch up. Including the insurance arm, Citi has taken total litigation expenses so far this year of \$6.4 billion.

Settlements can reduce uncertainty. But investors need to know that they don't face a prolonged downpour.

—David Reilly

MONEY & INVESTING



Lawyers who successfully sued RBC for its advising of Rural/Metro in a buyout say the bank should pay fees on top of the ruling against it.

Lawyers in Buyout Case Want RBC to Pay More

By Liz HOFFMAN

Plaintiffs' lawyers who successfully sued RBC Capital Markets LLC over a buyout deal are making an unusual fee demand and are citing as support bank's legal costs.

Mr. Laster found that RBC ran a sales process that undervalued Rural/Metro, a provider of municipal ambulance services. RBC, the company's financial adviser, also was lobbying Warburg Pincus, the firm that advised the buyout, to file in Delaware, the lawyers said.

The lawyers earlier this month won a \$7.58 million ruling against RBC related to its advising of Rural/Metro LLC, in its 2012 buyout of a smaller firm, Warburg Pincus LLC. According to a filing in Delaware court, Wednesday, the lawyers

and that "given the magnitude of the conflict between RBC's claims and the evidence, it seems possible that the facts could support a bad faith finding."

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Mutual Funds | WSJ.com/fundresearch

Exploratory Notes

Data provided by LIPPER

For 200 funds that have been tracked with shares since Jan. 1, 2000, and with net assets of at least \$500 million each. NAV = net asset value. Percentage change = change in NAV from the previous quarter. Total returns = total distributions and net of unitizing annual expenses. Returns = change in NAV of a hypothetical \$1 investment in a fund at the beginning of the year. Returns = change in NAV of a hypothetical \$1 investment in a fund at the beginning of the year. Returns = change in NAV of a hypothetical \$1 investment in a fund at the beginning of the year.

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quarter. A narrowing trade gap also provided a boost that probably won't be repeated.

To exclude the effects of swings in government spending, trade and net exports, economists keep track of private domestic final purchases. This measures combined household and business spending. Forecasting firm Macroeconomic Advisers calculated that this gauge of private spending grew at a 2.3% annual rate in the first quarter—substantially weaker than GDP.

In the fourth quarter, private spending should do better. With the job market showing signs of acceleration and gasoline prices falling, consumer spending is likely to pick up. Residential investment, money spent on new homes and other housing-related items—looks likely to improve after a soft third quarter. With the willingness to hire likely paired with a willingness to invest, residential investment should stay firm. Macroeconomic Advisers forecasts that GDP growth will slow to 2.4%, but that private spending will grow by 3.2%.

Put differently: While GDP looks poised to slow in this quarter, the underlying economy that actually is getting stronger. Investors focused too much on where the headline number is heading risk ending up wondering what they missed. —*Justin Lohart*

MONEY & INVESTING



Lawyers who successfully sued RBC for its advising of Rural/Metro in a buyout say the bank should pay fees on top of the ruling against it.

Lawyers in Buyout Case Want RBC to Pay More

By Liz HOFFMAN

Plaintiffs' lawyers who successfully sued RBC Capital Markets LLC over a buyout deal are making an unusual fee request and are asking for as much as double the amount they were awarded.

The lawyers earlier this month won a \$7.5 million ruling against RBC related to its advising of Rural/Metro Corp. in its 2011 sale to private-equity firm Warburg Pincus LLC. According to court documents, the lawyers are now seeking fees in addition to that amount, which they secured for former shareholders of Rural/Metro. Attorneys' fees are typically taken out of a damages award, not added on top.

The court awarded fees for an amount equal to one-third of the \$7.5 million sum, plus interest, to be paid separately from the payout to clients. If a judge agrees, RBC, part of Royal Bank of Canada, would be on the hook for more than \$100 million.

On Tuesday, a spokeswoman declined to comment.

Delaware law allows judges to impose legal fees separately from the client award if one party acted in bad faith. The plaintiffs' lawyers, Friedlander & Geller and Davis LLP, say their directors were partly responsible, and accordingly reduced RBC's share of the damages.

The buyout didn't end up a success for Warburg. After the sale, Rural/Metro entered pre-enforcement from bankruptcy proceedings.

RBC has said it is considering its options. It has tapped former Delaware Supreme Court justice Myron Steele to help it consider possibilities, people familiar with the matter have said.

Despite hopes of many retailers and self-styled disruptors in Silicon Valley, MasterCard and Visa don't look to be on the wrong side of history.

Shares of the credit-card behemoths jumped Thursday after both reported stronger-than-expected third-quarter results. At the same time, China made the unexpected announcement that it would allow foreign companies to have a greater presence in electronic payment processing.

Visa reported 11% increases in payment volume in the year to a year earlier, including 8% growth in U.S. transactions.

MasterCard posted a 12% gain in so-called gross-dollar volume. That occurred in a quarter in which the U.S. economy grew at a 3.6% pace.

The two companies expect for 2015, saying it expects per-share earnings growth in the midteens and revenue growth in the low double digits. That appears to have calmed fears about the impact of slowing growth outside of the U.S.

Visa and MasterCard are both part of a rising consumer spending that is happening over the companies' payment networks.

Just as an apple a day is said to keep the doctor away, Apple may keep disruption away from MasterCard and Visa.

—John Carney

Swipe Right
Visa quarterly payment volume
\$1.5 trillion
\$1.215 trillion
10
5
0
2013 '14
Source: the company

with optimistic guidance for 2015, saying it expects per-share earnings growth in the midteens and revenue growth in the low double digits. That appears to have calmed fears about the impact of slowing growth outside of the U.S.

Visa and MasterCard are both part of a rising consumer spending that is happening over the companies' payment networks.

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processing. Their results in the future will turn on how they fare as consumers purchase move into the digital realm.

That is where Apple helps. The new digital-payment system depends on existing payment systems, so transactions are made through networks that generate revenue for MasterCard, Visa and American Express. It also could influence others seeking to "disrupt" the payment environment to do so likewise.

Apple has undertaken efforts to undermine the business of MasterCard and Visa with an alternative platform called CurrentC, which ends runs the card companies' networks. That platform isn't expected to launch for several months, says Apple.

Just as an apple a day is said to keep the doctor away, Apple may keep disruption away from MasterCard and Visa.

Legal Shadow Falls Over Citi

The thunder grows louder the closer you are to the lightning. In that sense, Citigroup's surprise cut to third-quarter results due to higher-than-expected legal expenses, coupled with big litigation charges at Deutsche Bank, UBS and Barclays, will only add to the legal shadow that is cast over the bank.

Citi said Thursday it was reducing its reported profit due to a \$600 million increase in legal charges, bringing such expenses to \$1.55 billion. The move cut net income to \$2.84 billion, down 11% from the year-earlier \$3.19 billion. Legal expenses were down 5.3% from 6.5%.

Citi reported the change due to "very recent communications with certain regulatory agencies." This implies it received new information about a potential inquiry or settlement between the Oct. 15 deadline and Thursday. When new developments occur after a quarter's close, but before a company has made its quarterly securities filing, it must usually refile that in results for the period just ended.

While the adjustment is an unwelcome surprise, and may reinforce worries about Citi's controls, assessing litigation reserves is more art than science. And settlement talks can move quickly, so regulatory stances can shift unexpectedly.

So, for investors, the initial shock should fade. The question that will remain, though, is just how much legal risk Citi can put to rest with whatever action emerges. This is especially true if the new legal expenses later in some peers in building big litigation reserves.

Now, if risks are seen as having to race to catch up, including the increase announced Thursday, Citi has taken legal litigation expenses for this year of \$6 billion.

Settlements can reduce uncertainty. But investors need to know that they don't face a prolonged downturn.

—David Reilly

Mutual Funds | wsj.com/fundresearch

Exploratory Notes
The 10 mutual funds in LIPPER's Exploratory Notes category have total assets of at least \$500 million each. NAV is not available. Percentage performance figures are total returns, assuming reinvestment of all distributions. Expenses are based on the latest available data. Fund charges ("fees") or redemption fees ("redemptions") are not included in NAV from previous year. NAV is not available for 3-FUND'S three-year return annualized.

*Ex-Fund: Fund's first day of existence; †Fund's first day of reporting. *Ex-Distribution costs apply. 1b1: 1b1 redemption charge is 100% of stock split or dividend amount. 1b2: 1b2 redemption charge is 100% of stock split or dividend amount. 1b3: 1b3 redemption charge is 100% of stock split or dividend amount. 1b4: 1b4 redemption charge is 100% of stock split or dividend amount. 1b5: 1b5 redemption charge is 100% of stock split or dividend amount. 1b6: 1b6 redemption charge is 100% of stock split or dividend amount. 1b7: 1b7 redemption charge is 100% of stock split or dividend amount. 1b8: 1b8 redemption charge is 100% of stock split or dividend amount. 1b9: 1b9 redemption charge is 100% of stock split or dividend amount. 1b10: 1b10 redemption charge is 100% of stock split or dividend amount. 1b11: 1b11 redemption charge is 100% of stock split or dividend amount. 1b12: 1b12 redemption charge is 100% of stock split or dividend amount. 1b13: 1b13 redemption charge is 100% of stock split 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